



HOLMESGLEN 2019 ANNUAL REPORT

Vocational and Higher Education



Certificate IV Furniture Design and Technology Group Project

Rainbow Love Seat, 2019

Ply-wood (Donated LVL Ply-wood Beam)

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ON BEHALF OF HOLMESGLEN INSTITUTE AND THE BOARD, WE ARE PLEASED TO PRESENT OUR 2019 ANNUAL REPORT.

The Institute has prepared this report according to the Financial Management Act 1994, Standing Directions, Instructions, Financial Reporting Directions and applicable Australian Accounting Standards. It also follows the TAFE Institute Annual Report Guidelines issued by Higher Education and Skills, Department of Education and Training.

This report presents the required compliance statements, financial report and statement of performance for Holmesglen Institute and its controlled entities.

It also outlines our operations and achievements for the year. We are proud of our many successes in 2019, including winning the:

- Industry Collaboration Award at the 2019 Australian Training Awards and 2019 Victorian Training Awards for our partnership with the Royal Children's Hospital.

Two wins and a finalist place since 2017 at the Australian awards and our third consecutive win at the state awards, make Holmesglen one of Australia's most celebrated TAFEs for industry collaboration in recent years.

- Best Achievement in Event Education or Training award at the Australian Event Awards for our longstanding partnership with the Victorian State Schools Spectacular.

This was our fourth consecutive year as a finalist, and second time winner, of this award.

Our learners and staff also won several industry and educational awards in recognition of their talents and skills. In particular, we acknowledge Jake Carter, our electrotechnology apprentice at Futuretech, who won the Apprentice of the Year Award at the 2019 Victorian Training Awards.

Thank you to our directors and staff for their excellent work and commitment throughout 2019.



Peter Lewinsky
Chair
Holmesglen Institute
15 April 2020



Mary Faraone
Chief Executive
Holmesglen Institute
15 April 2020

OUR ORGANISATION

Holmesglen is established under the Education and Training Reform Act 2006. This Act – along with the Institute’s Constitution – defines our functions and duties, including:

- Providing vocational education and training and higher education programs to benefit Victorian industry and communities
- Undertaking applied research in partnership with learners, industry and communities
- Providing facilities and services to support our learners and communities.

In 2019, the Minister for Training and Skills and Minister for Higher Education was the Hon. Gayle Tierney MP.

Holmesglen provides education and training to ensure our learners are work ready, life ready and world ready. In doing so, we play an integral role in the community, supporting social inclusion and cohesion. We also work with businesses to develop the workforce of today and tomorrow.

This year, over 24,000 learners undertook our certificates, diplomas, advanced diplomas, bachelor’s degrees, graduate certificates and master’s degrees. We also provided a number of non-award programs to help learners develop foundational or specific work-related skills.

During the year we served our local communities across eight sites, promoting quality applied learning and research – and providing exceptional support services.

We also participated in offshore projects and partnerships, online programs and workplace-based delivery, which extended our reach in Australia and overseas.

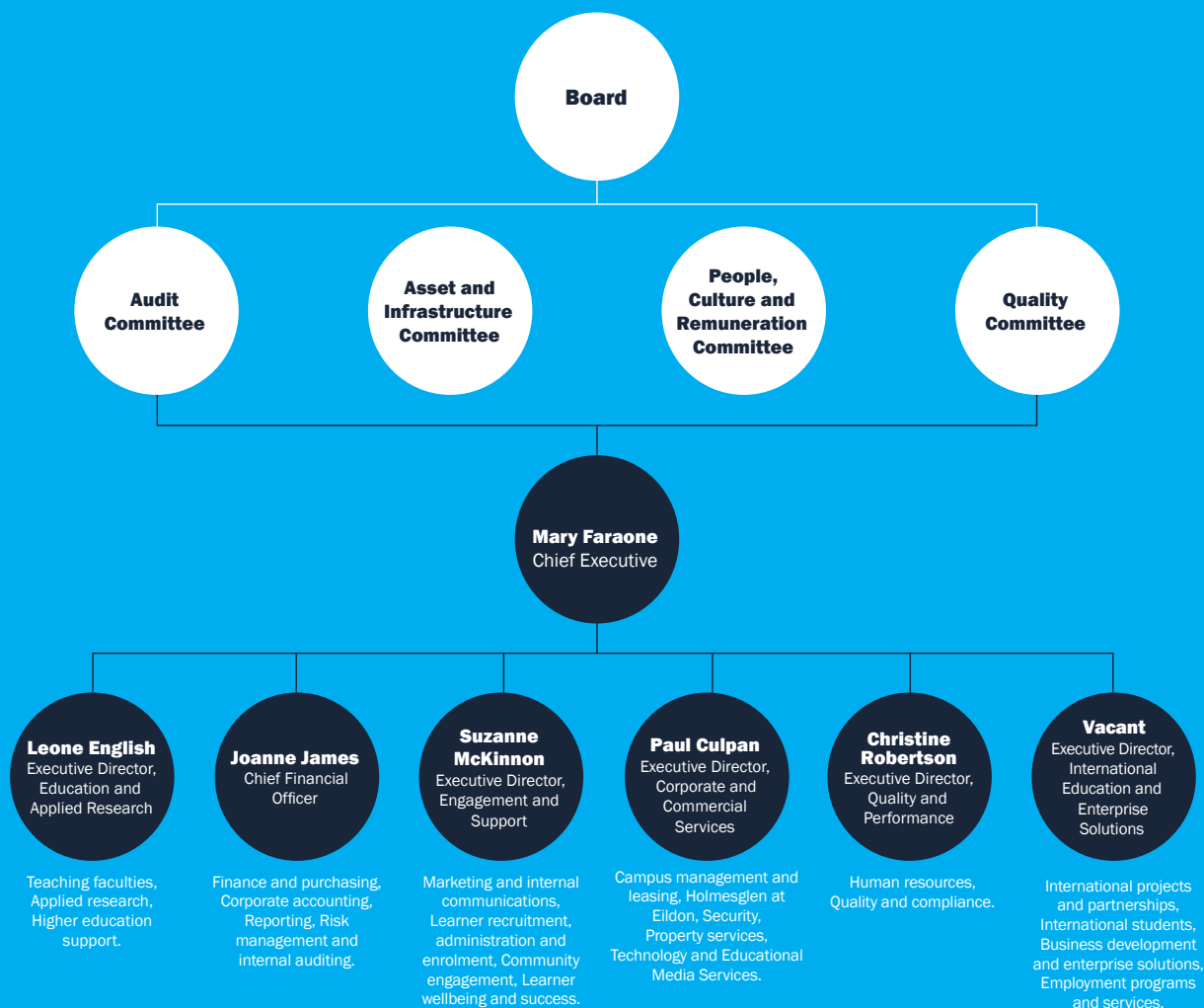
Executive group

Holmesglen is structured to facilitate strategic leadership and efficient administration of our core functions.

The executive group oversees daily operations under our governance framework – which includes the rules, policies and procedures of the Holmesglen Management System.

ORGANISATIONAL CHART

Board, committees and executive team as of 31 December 2019



FINANCIAL OVERVIEW

Our financial sustainability strategy was reviewed by the Board during 2019. This strategy supports our legislated obligations to ensure sound financial performance and achieve a stable and sustainable financial position.

Our strategy is underpinned by four key principles:

- All operating expenditure must be funded within available operating revenue. At the minimum, a break-even result should be achieved.
- Revenue growth must keep pace with the rate of operating expenditure increases required to maintain and improve service delivery to our learners.
- Our operating surpluses are reinvested to make sure we maintain and renew our asset base.
- Working capital must be maintained at a minimum ratio of 1:1, so we can meet our financial obligations when they are due.

Our financial performance and position from 2015 to 2019 is consistent with these principles.

Financial performance

In 2019, Holmesglen and its controlled entities achieved a consolidated net result of \$10.686 million.

This is above our 2018 result of \$2.387 million.

Key factors contributing to our financial performance in 2019 include the following:

- Government contributions increased as a result of the free TAFE initiative. The Victorian Government contributed the tuition fees for eligible Holmesglen learners in 36 VET courses. This also explains the 5% decrease in revenue from contracts with customers
- Investment distributions reduced by 13% due to our investment in acquiring the Drummond Street campus, together with a reduction in interest rates
- Employee benefits increased by 11% in line with continued implementation of current enterprise agreements
- Depreciation and amortisation increased by 45% as a result of the application of the new accounting standard AASB16 Leases that requires recognition of right to use assets. These assets were previously recognised as operating leases
- Supplies and services expenditure increased by 5% reflecting the additional operating costs of our two new campuses
- Other economic flows increased in recognition of gains on our financial assets and investment properties.

Financial position

Our financial position is reflected on our balance sheet.

A key indicator of our position is determined by net assets (i.e. assets less liabilities), which is equal to net worth. At 31 December 2019, our net worth increased to \$516.088 million (compared to \$505.091 million in 2018). The increase in net worth is due to our positive net result for the year.

Five-year financial summary

The following tables summarise our financial performance and position for the last five years. This information is presented on a consolidated basis and includes our controlled entities.

Table 1 – Consolidated comprehensive operating statement for year ending 31 December

	2019	2018	2017	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Government contributions	83,670	62,634	70,343	58,330	53,829
Revenue from contracts with customers	78,610	82,839*	80,309	80,836	88,098
Other income	10,952	12,586*	13,559	14,067	13,617
Total income from transactions	173,232	158,059	164,211	153,233	155,544
Expenses from transactions	170,096	152,650	153,161	142,858	154,077
Net result from transactions	3,136	5,409	11,050	10,375	1,467
Other economic flows included in net result	7,550	-3,022	14,033	5,600	13,908
Net result	10,686	2,387	25,083	15,975	15,375

*In 2019, we re-classified certain Other income items and included these within the line item Revenue from contracts with customers (previously known as Sale of goods and services). The 2018 comparatives have been adjusted to reflect the 2019 classifications.

Table 2 – Consolidated balance sheet for year ending 31 December

	2019	2018	2017	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets	572,715	551,969	552,638	450,069	429,554
Liabilities	56,627	46,878	49,934	46,560	43,259
Net assets	516,088	505,091	502,704	403,509	386,295
Accumulated surplus	176,868	165,871	159,968	134,885	118,910
Reserves	216,413	216,413	219,929	145,817	144,578
Contributed capital	122,807	122,807	122,807	122,807	122,807
Net worth	516,088	505,091	502,704	403,509	386,295

STRATEGIC INITIATIVES

THIS YEAR WE PASSED THE HALF-WAY POINT IN IMPLEMENTING OUR EXCITING STRATEGIC AGENDA, **VISION 2020**.

OUR VISION

We are a leading tertiary provider of the twenty-first century, valued by local and international learners, industry and the community.

We are recognised for innovation in education and training, applied research, creativity and entrepreneurship. Our open, collaborative and quality-driven culture inspires learners and staff to excel.

OUR GOALS

In 2019, we continued to implement the transformative initiatives designed to achieve our five goals.

This section of our Annual Report outlines a range of activities implemented in 2019.

OUR **ASPIRE** VALUES



AMBITION



SCHOLARSHIP



PASSION



INTEGRITY



RESPECT



EXCELLENCE

1. DIFFERENTIATE HOLMESGLEN

Centre for Applied Research and Innovation

Holmesglen is increasingly viewed as a leader in applied research and innovation across the TAFE sector. This growing profile has been enhanced through our active involvement in sector-wide activities designed to support the consolidation of applied research in vocational institutions. This has included:

- participating in externally-funded projects relating to TAFE and higher education delivered in vocational settings
- sponsoring visiting researchers from the world of applied research
- appearing at hearings of the House of Representatives Standing Committee on Employment, Education and Training
- hosting an OctoberVET conference to showcase applied research in the TAFE sector
- developing research opportunities through partnerships with industry, particularly in the health and building construction industries and VR (virtual reality) related research and innovation.

Protecting emergency service workers and incident responders operating on high speed roads

Holmesglen is collaborating with the Monash University Accident Research Centre and Eastlink to design, implement and evaluate a training program designed to improve the safety of emergency service workers and incident responders operating on high speed roads. This project is being funded by the Victorian Government through the Workforce Training Innovation Fund.

Learners as researchers

Third year Bachelor of Hospitality Management learners undertook applied research projects in collaboration with hospitality operators in the Shire of Murrindindi and the Goulburn River Valley Tourism Association. Students worked in small groups with an existing business to evaluate its current position. They then identified opportunities to advance the business within its own capabilities and in line with the broader regional strategy. Findings are shared at a panel review including the business owner/operator and association representatives.

Royal Children's Hospital integrated practical placement program

This year, a second cohort of our Certificate I in Work Education learners undertook the integrated practical placement program at the Royal Children's Hospital. The program engages learners with additional learning needs and/or a disability in an integrated model of training delivery and work placement at the hospital. Learners rotate through various non-clinical areas of the hospital across the 27-week program. Our Disability Employment Network partner – Wise – also continued to support the learners with job coaching.

Eighty percent of the 2018 cohort gained paid employment and/or traineeships after graduating, with all continuing to be retained in employment in 2019. The 2019 cohort are on track for similarly successful outcomes, with every student expected to be employed within four months of graduating.

It was also a year of recognition for this ground breaking initiative, winning the Industry Collaboration Award at the Victorian and Australian Training Awards.



Holmesglen staff and placement students, with Royal Children's Hospital staff.

Fashion and tailoring revival

Holmesglen's fashion lecturers are working in co-operation with industry and other education providers to research and re-create British army red coats that were worn by the army garrison in the Colony of Victoria during the gold rush period. Working in consultation with Museums Victoria and Sovereign Hill open-air museum, our staff created patterns, selected materials and manufactured the new coats in accordance with historical principles. Our fashion learners then participated in the development of learning materials designed to capture the basics of this once lost method of design and production. The final stage of the project involved digitising these practical skills for use in future education and training programs.



Holmesglen staff with the re-created Redcoats.

HOLMESGLEN FOUNDATION

The Holmesglen Foundation embodies our commitment to accessible education and skills development – particularly for learners who require financial support to undertake programs at the Institute.

For the year ending 31 December 2019, the Foundation distributed \$1,042,427 to the Institute. This provided scholarships and student grants – and funding for a range of learner programs and services.

Our philanthropic impact continues to grow. We raised \$152,798 in cash and ongoing pledges in 2019. The number of donors and sponsors also increased from 50 to 67.

Our donors have helped us offer over 50 new scholarships for learners, including the:

- **Rotary Club of Glen Waverley scholarships** to assist students undertaking courses at our Glen Waverley campus
- **Hospitality Access Scholarship** established by Dean Minett
- **Peter Grundy Scholarship** to help international students who encounter unexpected financial difficulties.

A grant from the **Cybec Foundation** enabled us to hire a disability support worker to assist learners and staff involved in Holmesglen's award-winning integrated practical placement partnership with the Royal Children's Hospital. We also:

- piloted a supermarket voucher scheme to provide emergency food relief to students in crisis
- supported students to purchase required training equipment and uniforms.

2. CREATE A DISTINCTIVE HOLMESGLEN EXPERIENCE (HX)

Learners as partners

Our Engagement and Education portfolios continued to collaborate in 2019 to expand opportunities for learners to have a say about their study experience.

They designed and implemented a range of initiatives, including:

- Launching our online community informed by a learner-led design process
- Establishing a model for improved student buddy and mentor programs, based on the success and learnings from current programs and external best-practice models
- Reviewing current unit and course evaluation processes and renewing our standard evaluation templates
- Expanding our learner social inclusion programs, including on campus activities, recreation trips and tours
- Supporting learners to participate in the national Student Voice Summit, Student Voice Symposium and the Australian International Education Conference
- Initiating quarterly forums to bring our learners and staff together to workshop various aspects of student life and their educational experiences
- Hosting 39 student groups at Holmesglen at Eildon and delivering a range of personal and skill development opportunities.

The Holmesglen Foundation is extremely grateful for the support this year. Thank you to the following donors and sponsors for enabling a new generation of learners to prepare for great careers. Your generosity affirms our commitment to accessible education for all.

- Adrian Anderson
- Alan Baird
- Allianz Global Assistance
- Ann Barker
- Apprenticeship Employment Network
- Paul Bent
- Brendan Bertram
- Jenny Blain
- John Coghlan
- Roland Collins
- Karen Corry
- Chrissy Coutsourellos
- Cross Yarra Partnership
- Cybec Foundation
- Peter Darvall AO
- Mary Donald
- David Duggan
- Graeme Eames
- Ellucian
- Mary Faraone
- Anne Fidock
- Christine Foard
- Ron Gascoigne
- Tony Goldsworthy
- Michael Gorton AM
- Ken Griska
- John Grundy
- Ian Hamm
- Healthscope
- Marion King
- Kum Fong Lee
- Peter Lewinsky
- Johna Low
- Patricia Lunt
- Bruce Mackenzie PSM
- Helen Mandeltort
- Kerry Martin
- Dean Minett
- Marlious Mol-Clement
- Leonie Morgan AM
- Barrie Morrison
- Robert Mott
- Faye Pattinson
- Bruce Porter
- Alyson Prescott
- Heather Priestley
- Vincent Ramos
- Avril Reagon
- Rotary Club of Glen Waverley
- Bart Scheen
- John Schuffelen
- Lynette Shiells
- ShineWing Australia
- Dominic Thorsen
- Tingle Tree Group
- Coral Turner
- Zac Vlahandonis
- Laurie Walker
- Catherine Walsh
- Eleanor Wratten
- Zita Youens
- Margaret Young
- Seven anonymous donors

Looking ahead, we will prioritise our plans to ensure learners are represented at all levels of educational governance – and supported to participate effectively in these committees.

ASPIRE Heroes

ASPIRE Heroes are everyday people at Holmesglen who achieve extraordinary things.

Nominated by their colleagues for demonstrating an ASPIRE value, we award Heroes a value pin to recognise their contribution to our learners, industry partners, community members or other staff.

In 2019, we received over 290 nominations and recognised 105 staff as Heroes for their commitment to Vision 2020 – and embodiment of our values.

3. INVEST IN HOLMESGLEN'S CAPABILITY AND CAPACITY

In 2019, Holmesglen invested over \$900,000 on staff development to build capability of our people across the organisation.

ASPIRE conference

From the emotional persistence of Lion's Saroo Brierley to the physical hilarity of body language expert Dr Louise Mahler, our second annual all-staff ASPIRE conference was a professional development highlight for 2019. Nearly a thousand staff attended Caulfield Racecourse for workshops and presentations to update us on industry trends and internal initiatives. This year, speakers and sessions zeroed in on dimensions of quality through different prisms.

ASPIRE Leaders

In 2019, two groups of managers from across the organisation came together to pilot our new ASPIRE Leaders program. ASPIRE Leaders aims to build our strategic leadership capabilities - and continue our shift towards a high performance culture. Thirty staff completed three modules over nine weeks, which included structured professional development, mentoring and project work. Our evaluation demonstrated the impact of the program, with over 90% of participants indicating they found the program very to extremely effective and reporting range of personal and work-related benefits. We will be offering the program to a second cohort of staff in 2020.

ICT transformations

Following the completion of a data strategy in late December 2018, we appointed our Head of Data Strategy and Governance in May 2019. This role significantly strengthens our capability to achieve our current ICT strategy. We also continued to roll out initiatives to improve the accessibility and operability of our ICT infrastructure with a focus on server and desktop PC upgrades and the deployment of our virtual desktop environment to all staff and learners.

In 2019, we also engaged with over 150 staff, learners and industry partners to develop the next stage of our strategy. Our Data, Systems and Technology Strategy will guide our investment in and implementation of initiatives from 2020 to 2023.

Assets

A key focus for the Corporate and Commercial Services portfolio during 2019 was the development of a Strategic Asset Master Plan. The plan has identified our objectives for campus enhancement and the design principles that will inform our strategic asset planning over the coming decade.



ASPIRE conference 2019

4. BUILD THE ECOSYSTEM TO CONNECT WITH INDUSTRY AND COMMUNITY

Connecting with community

In 2019, we continued to implement our community engagement strategy in support of our Vision 2020 goal.

- **Community Festival:** In October, we invited members of the local community in Moorabbin, Glen Waverley and Chadstone to visit our campuses and engage in a range of activities, be entertained and view showcases of our learners in action. The festival attracted close to 2,000 attendees across the three events. This brand-building initiative will grow in 2020 to help embed Holmesglen as an integral part of the local community.
- Our educational partnership with St Kilda Football Club expanded significantly in 2019. Holmesglen learners participated in a range of work-based learning opportunities either at the club or through their community outreach activities. These included:
 - Two screen and media learners filmed and edited video footage on a weekly basis
 - Screen, media and photoimaging students worked with the club on their Journey to AFLW documentary
 - A design competition was run for our architectural drafting learners for a community hub
 - SaintsPlay is a club initiative to assist children with developmental challenges to learn to play AFL and gain confidence to join a local junior football club. Over 90 students from our community service, disability support, sport and fitness, and transition/work education programs volunteered to help deliver the program.
- Through our partnership with St Kilda Football Club, we have established a collaboration with the club's sponsor RSEA. Three students undertook work placement at the company in second semester and our degree fashion students developed concept designs for a female tradie work wear range.

- City of Stonnington ran a street art promotion and competition involving our learners across design and printing. Our photoimaging students were also offered the opportunity to enter an international photography competition. Later in 2019, we commenced discussions with council for a printing project for pre-apprentices and apprentices to assist in producing outdoor banners of historical images across the municipality.
- Our community services and health science students participated in a City of Kingston initiative to survey the community on family violence. The findings have since been collated and an action plan has been put together for implementation in the City of Kingston.

We also developed our social procurement strategy so we can adopt a strategic, agency-wide approach to use our buying power in ways that delivers social value and more sustainable outcomes.

Mackenzie Research Institute

Our former Chief Executive, Bruce Mackenzie PSM, is leading a new Holmesglen initiative to stimulate discussion and debate about vocational education and training. In August, we hosted the launch of the Mackenzie Research Institute (MRI). The MRI is located at our Chadstone campus and conducts independent research into tertiary education policy and practice. Supported by its Advisory Board of sector experts, the MRI released its first discussion paper titled *Fit for purpose? Reforming tertiary education in Australia*, which attracted national media coverage.



Holmesglen Community Festival

5. GROWING SUSTAINABLE REVENUE

International education

In 2019, we focused on our international market intelligence, analysis and engagement, having moved to a regional business development model in 2018. We also expanded our offshore partnerships and commercial work – particularly in Japan, Korea, Indonesia and China. For example, in 2019 we:

- secured the contract to train Japanese Kutchan Town management in international protocols in preparation for the G20 ministers' meeting
- signed our third annual renewal of contract with Kamori Kanko, which includes online English language training, in-country hospitality training and a buddy program for Holmesglen students at the world-famous Rusutsu ski resort
- signed our second annual renewal of contract with Taisetsu DMO in Asahikawa, Hokkaido for online English and tourism training
- celebrated the 20th anniversary of our partnership with Zhejiang Business Technology Institute in Ningbo where we deliver programs in accounting and business
- signed a new contract with the Indonesian Muhammadiyah Foundation, which includes the continuation of the Holmesglen Language Centre at the Universitas Muhammadiyah in Tangerang
- won a contract to deliver accredited electrotechnology training for a group of Korean scholarship students at our Moorabbin campus and secured two Korean university study tours
- continued to deliver on our contract with Oyu Tolgoi (Rio Tinto) in the Southern Gobi Desert and provide support to Subutai Mining Service, by coordinating their pre-apprenticeship training.

We measure the performance of our overseas operations through the following indicators:

- International learner numbers
- International learner satisfaction
- Revenue growth
- Number of offshore projects and alliances

In 2019, we recorded a total revenue of \$32.1 million from our international operations, achieving 99% of our revenue target. International learner satisfaction increased in 2019, with 92% of students agreeing that they were satisfied overall and would recommend their program and Holmesglen to others.

In 2019, we experienced lower demand for ELICOS, VET and higher education programs. Government policy and visa processes remains the major contributing factor to the relative growth or decline of the international student market.

Our Rule for Risk Management and Enterprise Risk Management Plan outlines strategies for managing all of the Institute's operational and strategic risks.

We evaluate and monitor operational and strategic risks regularly, and report to the Audit Committee and Board. If further mitigation is required, additional risk treatments are identified and implemented.

The Institute's internal audit strategy includes a regular review of our international operations. Internal audit findings, recommendations and close-out actions are reported to the Board's Audit Committee.

New campuses

Holmesglen welcomed two new campuses to our network in 2019 – Drummond Street, Chadstone and Bourke Street, Melbourne.

We commenced significant development at the Drummond Street campus, as part of our vision to create a specialised energy and infrastructure industry hub. This included commencing construction of the \$16 million Victorian Tunnelling Centre, funded by the Victorian Government. The centre features two replica tunnels for training, enriched by augmented reality and virtual reality learning resources. The centre will also be home to Construction Sciences, who will use the centre as a materials testing site.

Our new Bourke Street campus offered Victorian students more opportunities to study a Diploma of Nursing.



Construction in progress of the Victorian Tunnelling Centre.

AWARDS AND ACHIEVEMENTS

Industry awards

The following learners and staff members were honoured with awards in 2019 in recognition of their skills and talents.

- **Victorian Training Awards:** Futuretech electrotechnology apprentice Jake Carter received the top honour at the Victorian Training Awards, being named Apprentice of Year. Jake went on to represent Victoria as a finalist at the Australian Training Awards.
- **Baking Association of Australia:** Patisserie graduate Chan Khun and his Country Cob Bakery team were crowned makers of Australia's Best Pie for the second consecutive year.
- **Master Builders of Victoria Awards:** Three Holmesglen apprentices were among those recognised as the best in state at the 2019 Master Builders Victoria Apprentice of the Year Awards. Casey Shannon was named the Wall and Floor Tiling Apprentice of Year, Pierce Carroll received the same award for wall and ceiling lining and Matthew Ryan received the Florence M Taylor Award.
- **Building Designers Association Victoria Design Matters Building Design Awards:** Damir Ramiz received the Excellence in Documentation award and Thomas Harrington won the Best Response to a Design Brief category.
- **VCAL Achievement Awards:** Holmesglen teacher Don Elliott won the VCAL Teacher Achievement Award – Program Development.
- **Home Design and Eussen Student Interior Design Awards:** Isabelle Hoffmann was announced as co-winner at the 2019 awards.
- **Wildflowers Australia National Student Floristry Competition:** Domenica Vavala, Mani Enoke Gunasekera and Lukasz Krawczyk were acknowledged as category place getters and winners, with Samantha Schmitter named as the overall Victorian winner.
- **Chartered Institution of Building Services Engineers Building Performance Awards:** our Heating, Ventilation and Air Conditioning Training Centre of Excellence was shortlisted in the Learning and Development category in this esteemed international building performance award. The winners will be announced in February 2020.
- **WorldSkills:** 22 Holmesglen students were recognised for their excellence in their study areas at the 2019 WorldSkills Melbourne East medal ceremony.

2019 Academic Graduation Ceremony



2019 Gala Award Winners



Holmesglen Awards Festival

Each year, Holmesglen offers prizes and awards to recognise learner achievements. Many of these are made available through the generous support of sponsors and industry partners. Holmesglen gratefully acknowledges their support of our students.

Now in its 22nd year, our annual awards festival culminates at the gala dinner – where our most outstanding learners and staff are recognised. Our 2019 award winners were:

- Athan Samaras, Outstanding VCAL Student
- Casey Shannon, Outstanding Apprentice
- Susan Anandam, Outstanding Certificate Student
- Punyadarie Wijerathna, Outstanding Diploma Student
- Darwin Fernandez Sulbaran, Outstanding International Student
- Ella Strong, Outstanding Higher Education Student
- Tia Horrobin, Outstanding Individual Achievement Award
- Robert Wembridge, Staff ASPIRE Award
- Rebecca Zolotareva, Excellence in Teaching Award
- Marie Sihin, Excellence in Customer Service Award
- Jan Davis, Innovation and Excellence Award

We also recognised the Royal Children's Hospital for their contribution to vocational and higher education at Holmesglen.

OUR PEOPLE

**HOLMESGLEN
IS STAFFED BY OVER
1,000 PEOPLE**

The following tables present the required workforce data. They correctly classify employees and meet the reporting requirements and FTE calculation methodology established by the Department of Education and Training.

Table 3: Performance and Accountability Framework FTE Table (December 2018 and December 2019)

	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
2018							
PACCT	203.0	102.0	61.0	17.7	N/A	39.8	423.5
Executive	16.0	0.0	2.5	0.0	N/A	0.0	18.5
Other	2.0	8.0	1.1	0.3	N/A	16.7	28.1
Teacher*	235.0	66.0	70.0	18.2	256.6	N/A	645.8
Total	456.0	17.06	134.6	36.2	256.6	56.5	1115.9
2019							
PACCT	253.0	103.0	62.9	25.0	N/A	39.5	483.4
Executive	12.0	0.0	0.0	0.0	N/A	0.0	12.0
Other	0.0	14.0	0.0	0.0	N/A	19.8	33.8
Teacher*	250.0	80.0	87.0	91.1	155.3	N/A	663.5
Total	515.0	197.0	150.0	116.0	155.3	59.2	1192.6

*Higher education academic staff have been classified in the Teacher staffing category

Table 4: Workforce Disclosures (December 2018 and December 2019)

December 2018	All employees		Ongoing			Fixed term and casual	
	Number*	FTE	Full-time*	Part-time*	FTE	Number*	FTE
Gender							
Women Executives	11	10.9	10	1	10.9	0	0.0
Women (total staff)	1154	611.1	229	154	330.3	771	280.8
Men Executives	8	7.6	6	2	7.6	0	0.0
Men (total staff)	854	486.3	211	45	241.8	598	244.5
Self-described	0	0.0	0	0	0.0	0	0.0
Age							
15-24	84	23.1	1	1	1	82	16.8
25-34	242	121.9	48	13	56.8	181	105.7
35-44	401	221.2	84	44	113.7	273	155.8
45-54	582	360	156	52	190.5	374	194.4
55-64	553	324.2	149	64	193.4	340	168.4
Over 64	165	65.5	18	28	35.2	119	32.7
Total employees	2027	1115.9	456	202	590.6	1369	673.9
December 2019							
Gender							
Women Executives	9	9.0	9	0	9.0	0	0.0
Women (total staff)	1266	685.2	273	182	392.2	811	293.0
Men Executives	3	3.0	3	0	3.0	0	0.0
Men (total staff)	850	495.4	230	45	260.8	575	234.6
Self-described	0	0.0	0	0	0.0	0	0.0
Age							
15-24	87	31.8	5	1	5.6	81	26.2
25-34	247	131.1	53	16	63.9	178	67.2
35-44	428	249.3	108	50	143.0	270	106.3
45-54	639	373.8	165	63	205.8	411	168.0
55-64	538	328.0	157	70	204.6	311	123.4
Over 64	189	78.6	27	27	42.1	135	36.5
Total employees	2128	1192.6	515	227	665.0	1386	527.6

*Headcount

OUR PEOPLE

Workforce inclusion, employment and conduct

Holmesglen is committed to the principles and practices of equal employment opportunity.

Our 2019 People Matter Survey results show that gender identity, disability, age, cultural background and sexual orientation are not barriers to success at Holmesglen.

We recruit and promote the most qualified, experienced and capable employees through a transparent and merit-based selection process that complies with legislative requirements.

All employees are expected to conduct themselves consistent with the Code of Conduct for Victorian Public Sector Employees, the Board's Rule for Conduct and Holmesglen's Code of Conduct.

All employees participate in regular online training through our learning management system to make sure they understand compliance, regulatory and legislative requirements. This training includes modules on Occupational Health and Safety, bullying and harassment, equal employment opportunity, fraud control and information privacy.

2019 workplace initiatives

In 2019, Holmesglen gave all employees formal feedback to better align performance and role expectations with our strategic direction.

To support this, we developed a Capability Assessment Plan. The plan will contribute to a more strategic professional development program and aid workforce planning.

During the year, there was significant effort by VET teachers to meet the Australian Skills Quality Authority's qualification upgrade requirements.

We also continued to acknowledge the contribution of employees to our growth and success. Awards are given at 15, 20 and 30-year anniversaries to let long-standing staff know they are valued and appreciated. In 2019, over 30 staff received awards, including

one employee who had given 30 years of service to Holmesglen.

Recognising that younger people are our future, we further developed our under 35s network in 2019. The network encourages employees to get to know and work with others across the organisation.

This year we also introduced an Employee Assistance Program for all employees to provide access to confidential counselling, wellbeing coaching and other types of support.

Our Community Safety Advisory Committee planned and implemented initiatives to improve the physical and psychological safety of employees and learners on campus. We provided mental health first aid training and additional support and counselling resources. We also installed bollards and increased the number of public address systems. Processes to respond to complaints and incidents associated with sexual harassment, bullying and occupational violence were also improved.

Occupational Health and Safety (OH&S)

Holmesglen is committed to fostering a safe and healthy work environment where staff, learners and visitors feel valued, safe and supported.

In 2019, we successfully delivered an extensive OH&S and Health & Wellbeing program, including:

- A regular health email newsletter for staff
- Sessions on superannuation, transition into retirement, mindfulness, workstation set up, laughter yoga and preventing slips, trips and falls
- Annual flu vaccinations
- Skin cancer checks
- Participating in RUOK? Day and Virgin Pulse Global Challenge (which saw 280 staff walk 184,744 kilometres in 100 days)
- First aid, mental health first aid, emergency warden and hazardous manual handling training

Table 5: Staff incident statistics (2017-2019)	2017	2018	2019
Staff hazard or injury reports	68	67	78
Staff hazard or incident reports per 100 full-time equivalent staff	6.3	6.1	6.5

Table 6: Lost Time Incidents (2017-2019)	2017	2018	2019
Number of lost time incidents	5	10	8
Lost time claims (standard) per 100 full-time equivalent staff	0.46	0.90	0.67

Table 7: Claim costs (2017-2019), provided by Xchanging Integrated Services	2017	2018	2019
Average estimate	\$5,785	\$106,028	\$119,568
Average paid	\$4,843	\$10,704	\$3,333

The decrease in the average paid claim in 2019 compared to 2018 was due to:

- No psychological claims being accepted
- Six physical injuries that did not require surgery, with all employees returning to work

ENVIRONMENT

We are continuing a performance-based project as part of the Efficient Government Buildings Project with a value of \$5.7 million and a target of reducing CO2 emissions by 7,452 tonnes per annum

We also implemented the following initiatives in line with government policy:

- Continued installation of T5 and LED light fittings throughout the campuses
- Continued installation of separate smart metering of buildings to enable a more comprehensive monitoring of services
- Continued implementation of the Building Automation System on all campuses and installation of the Alerton Aurora package
- Incorporation of rain water harvesting into toilet cisterns
- Installation of new high performance plant and equipment at Chadstone, Moorabbin and Waverley campuses
- Replacement of heating and hot water plant and installation of split air-conditioning systems to improve efficiency

Our three most recently constructed new buildings have all achieved a GBCA 5-star design rating.

Energy usage

In 2019, we acquired two new campuses, which significantly expanded our facilities. This increased our electricity and gas consumption across the organisation. Total electricity consumption increased by 5% in 2019 from the previous year. Total gas consumption increased by 12% over the same period, due to co-generation and an increase in gas stove usage in the hospitality training kitchens. Additionally, all new buildings are now air-conditioned for student comfort, which increases consumption.

Table 8: Electricity consumption (2017 – 2019, kWh)

Campus	2017	2018	2019
Chadstone	5,317,397	5,432,934	5,421,681
Moorabbin	2,958,326	2,569,198	2,683,424
Glen Waverley	2,343,294	2,221,209	2,270,418
St Kilda Rd	1,121,429	958,800	947,709
Bullii St	129,151	106,038	20,002
Drummond St	-	-	372,170
Bourke St	-	-	112,704
Total	11,869,597	11,288,179	11,828,108
Per EFT	10,902	10,116	9,918
Per m2	76.54	72.80	61.15

Percentage of electricity purchased by green power was 0% in 2019.

Table 9: Gas consumption (2017 – 2019, MJ)

Campus	2017	2018	2019
Chadstone	26,212,821	23,628,589	29,241,613
Moorabbin	8,477,829	8,777,844	7,552,473
Glen Waverley	6,264,808	5,593,322	5,761,894
St Kilda Rd	886,275	824,976	685,839
Bullii St	5,709	41,827	-
Drummond St	-	-	380,180
Total	41,847,442	38,866,559	43,621,999
Per EFT	38,438	34,830	36,577
Per m2	269.99	250.66	225.49

Table 10: Water consumption (2017 – 2019, kL)

Campus	2017	2018	2019
Chadstone	21,776	22,641	21,993
Moorabbin	8,407	26,409	28,706
Glen Waverley	9,175	9,686	19,350
St Kilda Rd	2,092	2,403	3,071
Bullii St	350	43	1
Drummond St	-	-	573
Total	41,800	61,182	73,694

Transportation

Table 11: Vehicle fleet (2018 – 2019)	2018		2019	
	Petrol	Diesel	Petrol	Diesel
Number of vehicles	65	25	52	27
Fuel usage (L)	94,759	30,901	87,916	34,065
Total greenhouse gas emissions from vehicle fleet (t)	218	81	215.35	85.16

Procurement

We use environmentally responsible suppliers by incorporating sustainability criteria as part of the tender evaluation process and as part of our overall procurement strategies, policies and procedures.

Paper usage

In 2019, approximately 15,100 reams of paper were used by the Institute print room services and across all local multi-functional devices. Paper usage in 2019 increased slightly, largely due to increased student demand. We use carbon neutral and recyclable paper ensuring it is sourced from sustainable plantations and produced using elemental chlorine-free processes.

GOVERNANCE

BOARD OF DIRECTORS

Holmesglen's Board of Directors is responsible to the Victorian Government for the effective oversight and governance of the Institute.

The Board advances our objectives and operates in accordance with the economic and social objectives and public sector management policies established by the government.

It also assists and informs the Minister for Training and Skills and Minister for Higher Education or the Ministers' delegates as required.

DIRECTORS IN 2019 WERE:

- **Peter Lewinsky (Chair)**
- **Keri Bailey (retired 30 June 2019)**
- **Ann Barker**
- **Dean Cleland (resigned 20 May 2019)**
- **Karen Corry**
- **Peter Darvall AO**
- **Mary Faraone**
- **Michael Gorton AM**
- **Ian Hamm (appointed 1 October 2019)**
- **Christina (Christy) Karamzalis**
- **Leonie Morgan AM**
- **Bruce Porter**
- **Dominic Thorsen (appointed 1 July 2019)**
- **Catherine Walsh**

THE BOARD IS SUPPORTED BY FOUR COMMITTEES WHICH ENABLE IT TO EXECUTE ITS GOVERNANCE RESPONSIBILITIES.

Asset and Infrastructure Committee

This committee oversees Institute capital facilities and infrastructure development – including ICT and major equipment items – and the progress of major projects.

Committee members include:

- Karen Corry (Chair)
- Ann Barker
- Dean Cleland (resigned 20 May 2019)
- Mary Faraone (ex-officio member)
- Christy Karamzalis
- Peter Lewinsky

Audit Committee

Operating according to the Victorian Public Service Financial Management Compliance Framework, this committee oversees:

- Accountability, risk management and internal control
- Adequacy of our financial reporting and financial management practices

The committee also reviews annual financial statements and makes recommendations to the Board on adopting the statements and authorising its release of to parliament.

Committee members include:

- Bruce Porter (Chair)
- Karen Corry
- Peter Darvall
- Peter Lewinsky

People, Culture and Remuneration Committee

This committee oversees all people-related activities and ensures proper governance and capabilities to deliver our strategic objectives.

Committee members include:

- Catherine Walsh (Chair)
- Mary Faraone (ex-officio member)
- Michael Gorton
- Peter Lewinsky
- Leonie Morgan

Quality Committee

This committee oversees organisational performance against:

- Institute rules, policies and procedures
- Regulatory standards
- Funding contract requirements
- Legislation that impacts the quality of our teaching and learning outcomes and operations

It also monitors the adequacy of our educational compliance and quality management practices.

Committee members include:

- Michael Gorton (Chair)
- Keri Bailey (Retired 30 June 2019)
- Peter Darvall
- Mary Faraone (standing member)
- Peter Lewinsky (ex-officio member)
- Bruce Porter
- Dominic Thorsen (appointed 18 September 2019)
- Catherine Walsh

CONTROLLED ENTITIES

Holmesglen Foundation and Glenuc Pty Ltd

The Holmesglen Foundation is a controlled entity of Holmesglen Institute and operates through a trust deed between the Institute and Glenuc Pty Ltd.

Company Directors are responsible for ensuring the Foundation operates according to the trust deed and complies with all governance and regulatory requirements.

The Directors of Glenuc Pty Ltd in 2019 were:

- Peter Lewinsky (Chair)
- Ann Barker
- Wesa Chau
- Mary Faraone
- Michael Gorton

Holmesglen International Training Services Pty Ltd

Holmesglen International Training Services Pty Ltd is a fully-owned subsidiary of Holmesglen Institute. Mary Faraone was the sole Director of Holmesglen International Training Services in 2019.

MAJOR COMMERCIAL ACTIVITIES

In 2019, Holmesglen did not undertake any major commercial activity in accordance with the Commercial Guidelines – TAFE Institutes.

OTHER COMPLIANCE REPORTS

Legislation

We comply with all relevant legislation and subordinate instruments including, but not limited to, the following:

- Education and Training Reform Act 2006
- Constitution of the Holmesglen Institute Order 2016
- Directions of the Minister for Training and Skills (or predecessors)
- TAFE Institute Commercial Guidelines
- TAFE Institute Strategic Planning Guidelines
- Public Administration Act 2004
- Financial Management Act 1994
- Freedom of Information Act 1982
- Building Act 1993
- Protected Disclosure Act 2012
- Local Jobs First Act 2003

Freedom of Information Act 1982

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the Institute.

Requests for access to records should be directed to Patricia Farnes, Freedom of Information Officer. Applicants are required by the Act to request access to documents in writing. No form of application is specified. A letter which clearly describes the documents(s) sought is sufficient. The letter should:

- Specify that the application is a request made under the *Freedom of Information Act 1982* and should not form part of a letter on another subject
- Include the applicant's name, address and telephone number where the applicant can be contacted during business hours
- Detail the documents(s) requested
- Specify the form of access required, for example copies of documents, inspection of files or other format

Charges for access to information are in accordance with the Freedom of Information (Access Charges) Regulations 2004. Holmesglen received two applications for information under the Freedom of Information Act 1982 during the year ended 31 December 2019.

Building Act 1993

We hold all building related plans and documentation for building extensions and building approvals lodged for new buildings by certified building surveyors.

On completion of construction, we have obtained certificates of occupancy and practical completion certificates from the relevant architects, building surveyors and authorities. All building certificates are kept in a database and all hardcopies are located in a fire rated archive. All building consultants and builders who are engaged by us hold current registration as building practitioners and have current insurance cover.

We consider that all buildings across all campuses currently conform to the building regulations that existed at the time of construction of the respective buildings. The Essential Safety Measures are recorded and reported by the Hendry Group Pty Ltd. We provide a copy of the current Essential Safety Measures for display within all buildings. All new buildings constructed since the promulgation of the Building Act 1993 (including subsequent amendments) comply with the relevant standards.

We have processes in place to ensure that any alterations or improvements to buildings meet the necessary standards, ensure that they are safe and fit for purpose and comply with the updated disability code. We engage the services of licenced tradespeople such as electricians and plumbers who provide the required certificates of compliance, which are stored in a fire rated archive.

Table 12: Building Act 1993 compliance (2016 – 2019)

	2016	2017	2018	2019
Building works				
Building works certified for approval	4	5	2	4
Building works in progress subject to mandatory inspections	4	-	-	-
New certificate of occupancy issued	-	5	2	4
Essential safety measures				
All buildings on each campus - owned	✓	✓	✓	✓
All buildings on each campus/site - leased	✓	✓	✓	✓
Maintenance				
Combination in-house and external specialist contractors	✓	✓	✓	✓
Lift contract – comprehensive/performance-based	✓	✓	✓	✓
Mechanical services contract – performance-based	✓	✓	✓	✓
Mechanical services/BAS contract – performance-based	✓	✓	✓	✓
Waste services contract – performance-based	✓	✓	✓	✓
Cleaning services contract – performance-based	✓	✓	✓	✓
Other maintenance agreements include those for heating, ventilation, air-conditioning and cooling, catering equipment, hygiene, pest control, industrial cleaning, refrigeration, vehicle fleet maintenance, backflow prevention, trade waste, electrical, plumbing, signage, car parks, and gardening and arboriculture services.	✓	✓	✓	✓

Protected Disclosure Act 2012

The Protected Disclosure Act 2012 encourages and assists people to make disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act. It also establishes a system for the matters disclosed to be investigated and rectifying action taken.

We do not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. The Institute has policies and procedures in place which promote and facilitate the disclosure of improper conduct to the Independent Broad-based Anti-Corruption Commission (IBAC). The Institute Rule for Protected Disclosure was updated in 2018. It maintains our system for the protection of persons who make a protected disclosure under the Act from detrimental action by officers, students, employees and contractors of Holmesglen. This is in accordance with section 58 (5) of the Act and ensures that all other requirements of the Act are met. The Rule is available on the Holmesglen Management System.

Officers, students, employees and contractors of Holmesglen, as well as members of the public, may make a disclosure of improper conduct or detrimental action under the Act to IBAC. IBAC can be contacted at:

Level 1, North Tower
459 Collins Street
Melbourne, VIC 3000

Our Protected Disclosure Co-ordinator cannot receive disclosures (they must be made directly to IBAC), but is responsible for coordinating responses to the Commission, the Victorian Inspectorate or the Ombudsman. They are also responsible for recording any reported detrimental action against a discloser once notice is received. The Protected Disclosure Co-ordinator has not been advised by IBAC of any protected disclosures during 2019.

Carers Recognition Act 2012

We have reviewed the application and operation of the Carers Recognition Act 2012 and ensure that we meet the applicable obligations of the Act. Carer recognition principles are included in the relevant policies covering flexible working arrangements, part-time work opportunities and a supportive workplace environment.

Local Jobs First - Victorian Industry Participation Policy Act 2003

The *Victorian Industry Participation Policy Act 2003* requires departments and public sector bodies to report on the implementation of the Victorian Industry Participation (VIPP). Departments and public sector bodies are required to apply VIPP in all procurement activities valued at:

- \$3 million or more in metropolitan Melbourne
- \$1 million or more in regional Victoria for state-wide projects

In 2019, there was one new applicable project that related to this Act. The appointed contractor has been assessed by the ICN and has met the requirements of the Local Jobs First Policy. Project completion is anticipated in May 2020.

National Competition Policy

We continue to comply with the principles of the National Competition Policy (and any subsequent reforms). These include:

- Competitive Neutrality: A Statement of Victorian Government Policy
- Victorian Government Timetable for the Review of Legislative Restrictions on Competition

We implemented measures to ensure commercial activities and pricing of competitive tender bids for government-funded education and training complied with the policy. We fulfilled our obligations and met our wider responsibilities to the community by applying competitive neutrality in the public interest.

Victorian Public Service Travel Policy

We have policies and procedures in place relating to domestic and international travel to ensure compliance with the Victorian Public Service Travel Policy.

Statement on compulsory non-academic fees, subscriptions and charges (Higher Education)

We charge higher education students a services and amenities fee strictly in accordance with:

- The Higher Education Support Act 2003 (the Act)
- The Administration Guidelines made under the Act

Revenue from this fee is spent strictly in accordance with the Act and for the provision of services and amenities as specified in subsection 19-38(4) of the Act.

Table 13: Statement of income and expenditure for higher education student services and amenities (as at 31 Dec 2018 and 31 Dec 2019)

Student services and amenities fees	2018 (\$'000)	2019 (\$'000)
Unspent / (overspent) revenue from previous period	4	10
SA-HELP revenue earned	45	56
Student services fees direct from higher education students	219	240
Total revenue expendable in period	268	306
Student services expenses during period	-258	-289
Unspent / (overspent) student services revenue	10	17

Consultancies

In 2019, three consultancies had total fees payable of \$10,000 or greater. Total expenditure incurred during 2019 in relation to these consultancies was \$274,450.

The following table constitutes compliance with the requirement to make this information publicly available.

Table 14: Details of individual consultancies valued at \$10,000 or greater (2019)

Consultant	Summary of project	Fee (\$)	Future expenditure
Woods Bagot Pty Ltd	Strategic asset master plan development	80,000	65,860
Lueur Pty Ltd	ICT strategy development	149,600	-
Trisigma Pty Ltd	Human resources review	45,850	-
Total		274,450	65,860

Note: Figures reported exclude GST

In 2019, there were no consultancies where the total fees payable to the consultant was less than \$10,000. Therefore, total expenditure incurred during 2019 in relation to these consultancies was \$Nil.

Information and Communication Technology expenditure

Total ICT expenditure for the 2019 reporting period was \$11.1 million, with the details shown below.

Table 15: ICT expenditure (2019)

Business as Usual ICT expenditure	Non-Business as Usual ICT expenditure	Operational expenditure	Capital expenditure
\$11.1 million	-	-	-

Note: Total Business as Usual expenditure includes operational expenditure and capital expenditure

Government advertising expenditure

Table 16: Government advertising expenditure for campaigns with a media spend of \$100,000 or greater (2019)

Name of campaign	Summary	Start / end date	Advertising (media) expenditure (\$ ex GST)	Creative and campaign development expenditure (\$ ex GST)	Research and evaluation expenditure (\$ ex GST)	Print and collateral expenditure (\$ ex GST)	Other campaign expenditure (\$ ex GST)
2019 recruitment campaign	Learn More Do More - Free TAFE at Holmesglen recruitment campaign executed across strategic outdoor locations, digital, radio and cinema.	January - February 2019	\$406,025	Nil (in house)	\$0	\$0	\$0
Mid-year recruitment campaign	Learn More Do More - Free TAFE at Holmesglen recruitment campaign executed primarily across digital channels with some outdoor media.	May - July 2019	\$273,094	Nil (in house)	\$0	\$0	\$0
2019 Open Days campaign	Advertising for open days throughout the year, primarily on radio and digital channels.	January - November 2019	\$128,000	Nil (in house)	\$0	\$0	\$0
2020 recruitment campaign	Learn More Do More - Free TAFE at Holmesglen recruitment campaign executed across TV, cinema, radio, outdoor, transit and digital media.	December 2019	\$387,000	\$25,000	\$0	\$0	\$0

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

Additional information available on request

Consistent with the requirements of the Financial Management Act 1994, and subject to the provision of the Freedom of Information Act 1982, we have prepared material on the following items (further details available on request):

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- Details of publications produced about the institute and how these can be obtained
- Details of changes in prices, fees, charges, rates and levies charged
- Details of any major external reviews
- Details of major research and development activities undertaken
- Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit
- Details of major promotional, public relations and marketing activities undertaken to develop community awareness
- Details of assessments and measures undertaken to improve employee occupational health and safety
- A general statement on industrial relations and details of time lost through industrial accidents and disputes
- Details of major committees sponsored by the Institute, the purposes of each committee and the extent to which the purposes have been achieved
- Details of all consultancies and contractors including:
 - Consultants/contractors engaged
 - Services provided
 - Expenditure committed for each engagement

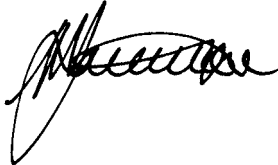
Requests to access this information should be made to:

Joanne James

Chief Financial Officer

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

I Mary Faraone, on behalf of the Board of Holmesglen Institute, certify that for the period 1 January 2019 to 31 December 2019, the Holmesglen Institute has complied with the applicable Standing Directions made under the Financial Management Act 1994 and Instructions.



Mary Faraone
Chief Executive and Director

Date: 15 April 2020

The Audit Committee has reviewed this attestation and verified the Institute's compliance assessment.

Independent Auditor's Report

To the Board of Holmesglen Institute

Opinion	<p>I have audited the consolidated financial report of Holmesglen Institute (the institute) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> • consolidated entity and institute balance sheet as at 31 December 2019 • consolidated entity and institute comprehensive operating statement for the year then ended • consolidated entity and institute statement of changes in equity for the year then ended • consolidated entity and institute cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration by the board chair, chief executive officer and chief finance and accounting officer. <p>In my opinion, the financial report presenting fairly, in all material respects, the financial positions of the consolidated entity and the institute as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the institute and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Emphasis of Matter - subsequent events COVID-19 pandemic	<p>I draw attention to Note 9.6 to the financial report, which describes the effects of the COVID-19 pandemic as a material subsequent event. My opinion is not modified with respect to this matter.</p>
Board's responsibilities for the financial report	<p>The Board of the institute is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the institute and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute and the consolidated entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institute and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the institute and the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the institute and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the institute and the consolidated entity. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
21 April 2020



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

HOLMESGLEN INSTITUTE

FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER 2019

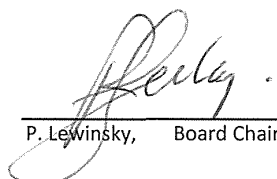
DECLARATION BY BOARD CHAIR CHIEF EXECUTIVE AND CHIEF FINANCE AND ACCOUNTING OFFICER

The attached financial statements for the Holmesglen Institute and the consolidated entity have been prepared in accordance with Standing Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2019 and financial position of the Institute and the consolidated entity as at 31 December 2019.

At the date of signing this financial report, we are not aware of any circumstances that would render any particulars included in the financial report to be misleading or inaccurate.


The Board Chair, Chief Executive, and Chief Finance and Accounting Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of Holmesglen Institute.



P. Lewinsky, Board Chair

Date 15th April 2020

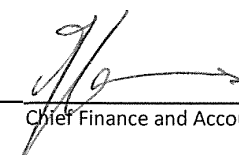
Place Chadstone



M. Faraone, Chief Executive

Date 15th April 2020

Place Chadstone



J. James, Chief Finance and Accounting Officer

Date 15th April 2020

Place Chadstone

HOLMESGLEN INSTITUTE

FINANCIAL REPORT 31 December 2019

How this report is structured

Holmesglen Institute has presented its audited general purpose financial statements for the financial year ended 31 December 2019 in the following structure to provide users with the information about the Institute's stewardship of resources entrusted to it.

Financial statements	Comprehensive operating statement Balance sheet Statement of changes in equity Cash flow statement
-----------------------------	---

Notes to the financial statements	1. About this report
	1.1 Basis of preparation
	1.2 Compliance information
	2. How we earned our funds
	2.1 Government contributions
	2.2 Revenue from contracts with customers
	2.3 Revenue recognition policy
	2.4 Other income
	3. How we expended our funds
	3.1 Employee benefits
	3.2 Supplies and services
	3.3 Other operating expenses
	3.4 Depreciation and amortisation expense
	4. The assets we invested in
	4.1 Investment properties
	4.2 Property, plant and equipment
	4.3 Intangible assets
	4.4 Investments
	5. Balances from operations
	5.1 Other non-financial assets
	5.2 Receivables
	5.3 Payables
	5.4 Employee benefits provisions
6. How we financed our operations	
6.1 Cash and deposits	
6.2 Borrowings	
6.3 Leases	
7. Managing risks and uncertainties	
7.1 Financial instruments	
7.2 Contingent assets and contingent liabilities	
7.3 Fair value determination	

HOLMESGLEN INSTITUTE

FINANCIAL REPORT 31 December 2019

How this report is structured

Notes to the financial statements	8.	Governance
	8.1	Responsible persons
	8.2	Remuneration of executives
	8.3	Related parties
	8.4	Auditors remuneration
	9.	Other disclosures
	9.1	Other economic flows included in net result
	9.2	Equity reserves
	9.3	Superannuation
	9.4	Commitments
	9.5	Controlled entities
	9.6	Events after reporting date
9.7	Application of accounting standards issued but not yet effective	
9.8	Changes in accounting policies	

HOLMESGLEN INSTITUTE

Comprehensive Operating Statement for the financial year ended 31 December 2019

	Note	Consolidated		Institute	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Income from transactions					
Government contributions	2.1	83,670	62,634	83,200	62,192
Revenue from contracts with customers	2.2	78,610	82,839	79,667	83,938
Other income	2.4	10,952	12,586	9,543	12,605
Total income from transactions		173,232	158,059	172,410	158,735
Expenses from transactions					
Employee benefits	3.1	113,137	101,884	112,944	101,680
Depreciation and amortisation	3.4	14,732	10,134	14,732	10,134
Supplies and Services	3.2	31,999	30,519	31,539	30,160
Finance costs	6.3	410	116	410	116
Other operating expenses	3.3	9,818	9,997	9,766	9,952
Total expenses from transactions		170,096	152,650	169,391	152,042
Net result from transactions (net operating balance)		3,136	5,409	3,019	6,693
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	9.1(a)	5,462	238	5,325	1,233
Net gain/(loss) on financial instruments	9.1(b)	2,088	(3,260)	1,950	(3,107)
Total other economic flows included in net result		7,550	(3,022)	7,275	(1,874)
Net result from continuing operations		10,686	2,387	10,294	4,819
Net result		10,686	2,387	10,294	4,819
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in physical asset revaluation surplus	9.2(b)	-	-	-	-
Items that may be reclassified subsequently to net result					
Gain/(loss) on revaluation of financial assets	9.2(c)	-	-	-	-
Total other economic flows – Other comprehensive income		-	-	-	-
Comprehensive result		10,686	2,387	10,294	4,819

The above comprehensive operating statement should be read in conjunction with the notes to the financial statements.

HOLMESGLEN INSTITUTE

Balance Sheet as at 31 December 2019

	Note	Consolidated		Institute	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Assets					
Financial assets					
Cash and deposits	6.1	38,531	36,398	36,411	34,313
Contract assets	5.2	13,063	11,048	12,276	10,555
Receivables	5.2	3,459	2,042	3,477	2,063
Investments	4.4	32,997	30,697	30,937	28,774
Total financial assets		88,050	80,185	83,101	75,705
Non-financial assets					
Other non-financial assets	5.1	5,820	4,871	5,772	4,833
Property, plant and equipment	4.2	353,726	361,097	353,726	361,097
Right of use assets	6.3	12,737	-	12,737	-
Intangible assets	4.3	647	571	647	571
Investment properties	4.1	111,735	105,245	89,938	83,585
Total non-financial assets		484,665	471,784	462,820	450,086
Total assets		572,715	551,969	545,921	525,791
Liabilities					
Payables	5.3	22,842	20,503	22,866	20,438
Borrowings	6.2	2,589	3,191	2,589	3,191
Lease liabilities	6.3	12,386	6,929	12,386	6,929
Employee benefits provision	5.4	18,810	16,255	18,792	16,239
Total liabilities		56,627	46,878	56,633	46,797
Net assets		516,088	505,091	489,288	478,994
Equity					
Contributed capital	9.2(a)	122,807	122,807	122,807	122,807
Physical asset revaluation reserve	9.2(b)	216,413	216,413	216,413	216,413
Investment revaluation reserve	9.2(c)	-	-	-	-
Accumulated surplus/(deficit)	9.2(d)	176,868	165,871	150,068	139,774
Net worth		516,088	505,091	489,288	478,994
Commitments for expenditure	9.4				

The above balance sheet should be read in conjunction with the notes to the financial statements.

HOLMESGLEN INSTITUTE

Statement of Changes in Equity for the year ended 31 December 2019

		Physical asset revaluation reserve	Investment revaluation reserve	Accumulated surplus	Contributions by owner	Total
Consolidated	Note	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2018	9.2	216,413	3,516	159,968	122,807	502,704
Net result for the year		-	-	2,387	-	2,387
Changes in physical asset revaluation surplus	9.2(b)	-	-	-	-	-
Adjustments on adoption of accounting standard AASB 9	9.2(c)	-	(3,516)	3,516	-	-
Year ended 31 December 2018	9.2	216,413	-	165,871	122,807	505,091
Net result for the year		-	-	10,686	-	10,686
Adjustments on adoption of new accounting policy AASB 15 Revenue from Contracts with Customers	9.2	-	-	311	-	311
Year ended 31 December 2019	9.2	216,413	-	176,868	122,807	516,088

		Physical asset revaluation surplus	Investment revaluation reserve	Accumulated surplus	Contributions by owner	Total
Institute	Note	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2018	9.2	216,413	3,440	131,515	122,807	474,175
Net result for the year		-	-	4,819	-	4,819
Changes in physical asset revaluation surplus	9.2(b)	-	-	-	-	-
Adjustments on adoption of accounting standard AASB 9	9.2(c)	-	(3,440)	3,440	-	-
Year ended 31 December 2018	9.2	216,413	-	139,774	122,807	478,994
Net result for the year		-	-	10,294	-	10,294
Adjustments on adoption of new accounting policy AASB 15 Revenue from Contracts with Customers	9.2	-	-	-	-	-
Year ended 31 December 2019	9.2	216,413	-	150,068	122,807	489,288

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

HOLMESGLEN INSTITUTE

Cash Flow Statement for the year ended 31 December 2019

	Note	Consolidated		Institute	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Receipts					
Government contributions - operating		79,935	63,201	79,469	62,759
Government contributions - capital		3,446	-	3,446	-
User fees and charges received		86,654	90,317	84,705	88,482
Goods and services tax recoverable		5,083	5,003	4,996	4,919
Interest received		722	580	703	548
Dividends received		2,332	4,004	2,177	3,864
Other receipts		5,002	8,872	6,657	11,923
Total receipts		183,174	171,977	182,153	172,495
Payments					
Payments to suppliers and employees		(155,540)	(148,712)	(154,739)	(148,015)
Interest and other finance costs paid		(410)	(116)	(410)	(116)
Goods and services tax paid		(8,531)	(7,188)	(8,346)	(7,012)
Total payments		(164,481)	(156,016)	(163,495)	(155,143)
Net cash flows from/(used in) operating activities	6.1.1	18,693	15,961	18,658	17,352
Cash flows from investing activities					
Payments for investment properties		(978)	-	(978)	-
Proceeds from sale of investments		-	15,000	-	15,000
Payments for non-financial assets		(10,544)	(33,034)	(10,544)	(33,034)
Proceeds from sale of non-financial assets		306	470	306	470
Net cash provided by/(used in) investing activities		(11,216)	(17,564)	(11,216)	(17,564)
Cash flows from financing activities					
Repayment of lease liabilities		(4,529)	(1,672)	(4,529)	(1,672)
Repayment of loan (advance from Government)		(815)	(815)	(815)	(815)
Net cash provided by/(used) in financing activities		(5,344)	(2,487)	(5,344)	(2,487)
Net increase (decrease) in cash and cash equivalents		2,133	(4,090)	2,098	(2,699)
Cash and cash equivalents at the beginning of the financial year		36,398	40,488	34,313	37,012
Cash and cash equivalents at the end of the financial year	6.1	38,531	36,398	36,411	34,313

The above cash flow statement should be read in conjunction with the notes to the financial statements.

HOLMESGLEN INSTITUTE

Notes to the financial statements

1. About this report

Holmesglen Institute is a statutory body corporate, established pursuant to an Act made by the Victorian Government under the *Education and Training Reform Act 2006 Section 3.1.12 4(a)*.

Its registered office and principal address is:

Holmesglen Institute
Cnr Batesford and Warrigal Road
Holmesglen, Victoria, 3148

1.1 Basis of preparation

These financial statements are presented in Australian dollars, the functional and presentation currency of the Institute and the Consolidated Group, and have been prepared in accordance with the historical cost convention unless a different measurement basis is specifically disclosed in notes associated with the item measured on that different basis. Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements made by management in the application of Australian Accounting Standards (AAS) that may have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 4.2);
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to note 5.4).
- determining whether *AASB 15 Revenue from Contracts with Customers* or *AASB1058 Income of Not for Profit Entities* is to be applied in the recognition of revenue
- the recognition of revenue in relation to contracts with customers (refer to note 2.2); and
- AASB16 Leases and the requirement to determine the lease term to the extent that extension options are certain (refer to note 6.3).

These financial statements cover the Institute and its controlled entities as an individual reporting entity and include all the controlled activities of the Institute.

Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

1. About this report

1.1 Basis of preparation (continued)

Basis of consolidation

In accordance with AASB 10 *Consolidated Financial Statements*, control exists when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of entities are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

In preparing consolidated financial statements for the Institute, all material transactions and balances between consolidated entities are eliminated.

Funding risk

Funding risk is the risk of over reliance on a particular funding source to the extent that a change in that funding source could impact on the operating results of the current year and future years.

The Institute has substantial economic dependency on Government operating contributions.

The Institute manages funding risk by continuing to diversify and increase income from commercial activities, both domestically and offshore.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing funding risk or the methods used to measure this risk from the previous reporting period.

1.2 Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and *applicable Australia Accounting Standards* (AAS) which include Interpretations, issued by the *Australian Accounting Standards Board* (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

For the purposes of preparing financial statements, the Institute is classed as a not-for-profit entity. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Accounting policies applied are disclosed in sections where the related accounting balance or financial statement matter is disclosed.

HOLMESGLEN INSTITUTE

Notes to the financial statements

2. HOW WE EARNED OUR FUNDS

	Note	Consolidated		Institute	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
2.1 Government contributions					
Revenue from contracts with customers					
State government - contestable and fee concessions	2.3	56,141	46,091	56,141	46,091
Commonwealth Government contributions	2.3	2,302	2,166	2,302	2,166
Other	2.3	639	661	169	219
Total government contributions - operating		59,082	48,918	58,612	48,476
Other contributions					
State government - other contributions		21,142	13,716	21,142	13,716
State capital		3,446	-	3,446	-
Total government contributions - other and capital		24,588	13,716	24,588	13,716
Total government contributions		83,670	62,634	83,200	62,192

Government contributions are recognised as revenue in the period when the Institute obtains controls or the right to receive the contribution, the economic benefits comprising the contribution will flow to the Institute and the amount of the contribution can be measured reliably. Government contributions that meet the criteria for revenue from contracts with customers are recognised in accordance with AASB15 Revenue from Contract with Customers. Other contributions where either the performance obligations are not sufficiently specific or the contributions are for the acquisition or construction of an asset are recognised in accordance with AASB1058 Income of Not for Profit Entities.

State government contributions - contestable and fee concessions are provided for the delivery of training services in accordance with a funding agreement that contains specific performance obligations. These contributions are recognised as revenue from contracts with customers in line with the requirements of AASB15 and the processes outlined in note 2.3. The Institute recognises the revenue on the basis of the number of units of training delivered to eligible students over the life of the agreement. Contributions are due and payable to the Institute monthly in arrears for the number of training units delivered in the previous month. The price per training unit is determined by the state government.

Commonwealth government contributions include commonwealth funding for commonwealth supported places for eligible higher education programs. This funding is provided on a per eligible student basis with specific performance obligations tied to delivery of units over the course duration. Revenue is recognised over the period of the agreement as units are delivered.

State government - other contributions include state funding initiatives for community service obligations and the additional costs of public TAFE provision. The funding agreements for these initiatives transfer control on execution of the relevant agreement. The Institute recognises income immediately in the comprehensive operating statement when control is achieved over the funds and the contract is not enforceable or the performance obligations are not sufficiently specific. Where performance obligations are sufficiently specific, revenue is recognised in the comprehensive operating statement as the performance obligations are delivered.

State capital grants received under an enforceable agreement to enable the Institute to acquire or construct an asset which will be controlled by the Institute once complete are recognised as revenue in accordance with AASB1058 as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project. For the acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Institute.

HOLMESGLEN INSTITUTE

Notes to the financial statements

2. HOW WE EARNED OUR FUNDS

	Note	Consolidated		Institute	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
2.2 Revenue from contracts with customers					
Student fees and charges	2.3	8,635	10,902	8,635	10,902
Student fees and charges (Fee Help)	2.3	6,600	8,382	6,600	8,382
Fee for service - Government	2.3	4,882	4,879	4,882	4,879
Fee for service - International operations - onshore	2.3	30,113	33,826	30,113	33,826
Fee for service - International operations - offshore	2.3	1,110	2,678	1,110	2,678
Fee for service - Training programs	2.3	19,089	16,674	19,089	16,674
Other non course fees and charges	2.3	3,779	3,176	3,779	3,176
Other (car parking fees, management fees etc)	2.3	4,402	2,322	5,459	3,421
Total revenue		78,610	82,839	79,667	83,938
Revenue by timing of revenue recognition					
Revenue recognised over time	2.3	70,429	77,341	70,429	77,341
Revenue recognised at a point in time	2.3	8,181	5,498	9,238	6,597
Total revenue		78,610	82,839	79,667	83,938

Student fees and charges

Student fees and charges revenue includes student tuition fees and course materials. Tuition fees are recognised in accordance with the relevant enrolment terms and conditions and over the period that the education and training services are provided. Where student fees and charges revenue has been received in respect of services to be delivered in the following year, any non-refundable portion of the fees is recognised as revenue in the year of receipt and the balance as a contract liability. Student amenity and material fees are recognised at enrolment and are not refundable.

Fee for service

Fee for service revenue is recognised as performance obligations are satisfied under the relevant training contract or enrolment terms and conditions. Where fee for service revenue has been received in respect of programs or services to be delivered in the following year, such amounts are recognised as contract liabilities.

Other non course fees and charges

Other non course fees and charges includes the provision of catering, restaurant sales and car parking fees. Revenue from other non course fees and charges is recognised by the Institute at the time of sale and when the control of goods passes to the customer which is at the time that the goods are physically transferred. None of the items sold have any warranty attached to them.

2.3 Revenue recognition policy

Revenue from contracts with customers is recognised in line with AASB15. To determine whether to recognise revenue, the Institute follows a five step process:

- 1 Identify the contract with the customer
- 2 Identify the performance obligations
- 3 Determine the transaction price
- 4 Allocate the transaction price to the performance obligations
- 5 Recognise the revenue when and as the performance obligations are satisfied.

The Institute's revenue streams are predominately for transactions relating to the delivery of courses to students and education services to clients. In all cases, the total transaction price for these services is allocated amongst the various performance obligations based on the consideration specified in the contract with the customer. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time as the Institute satisfies the performance obligations by transferring the promised goods or services to its customers.

The Institute recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Institute satisfies a performance obligation before it receives the consideration, the Institute recognises either a contract asset or a receivable in the statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

2. HOW WE EARNED OUR FUNDS

Note	Consolidated		Institute	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000

2.3 Revenue recognition policy (continued)

Contract assets and contract liabilities related to contracts with customers are shown at note 5.2 and note 5.3 respectively. None of the Institute's revenue streams have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried forward contract liabilities for performance obligations satisfied in the current period, and how much relates to performance obligations that were satisfied in a prior year.

Revenue recognised that was included in the contract liability balance at the beginning of the period.

Student fees and charges	2.2	7,858	-	7,858	-
Fee for service - Training programs	2.2	3,246	-	3,246	-
Other revenue	2.2	1,674	-	1,648	-
		<u>12,778</u>		<u>12,752</u>	

Revenue recognised from performance obligations satisfied in previous periods is nil.

Transaction price allocated to remaining performance obligations

The Institute applies the practical expedient in paragraph 121 of AASB15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less or where revenue is recognised using the 'right to invoice' method as permitted under AASB15. All of the Institute's remaining performance obligations at the end of the reporting period satisfy these requirements.

Policy applicable prior to 1 January 2019

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably. Revenue from rendering of services was recognised in proportion to the stage of completion of the work performed at the reporting date.

The Institute has applied AASB 15 using the cumulative effect method – i.e. by recognising the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of equity at 1 January 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 118 and AASB 1004. There has been no material change or quantitative impact on the Institute's consolidated financial statements as a result of adopting AASB15 for the year ending 31 December 2019.

2.4 Other Income

Dividends/Distributions	2,380	3,706	2,235	3,560
Interest on bank and other cash deposits	563	801	545	771
Rental income - Investment properties	5,513	5,490	3,759	3,765
Rental income - other	2,354	2,019	2,954	2,588
Donations, bequests and contributions	142	82	50	1,433
Fair value of assets received free of charge	-	488	-	488
Total other income	10,952	12,586	9,543	12,605

Dividends/Distributions are recognised when the Institute's right to receive payment is established.

Interest income includes interest received on the Institute's operating bank account and deposits with the central banking system. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Rental income is recognised on a time proportional basis and is brought to account when the Institute's right to receive the rental is established.

Donations, bequests and contributions are recognised when received and the amount can be measured reliably.

Fair value of assets received free of charge are recognised at their fair value when the transfer obtains control over them.

HOLMESGLEN INSTITUTE

Notes to the financial statements

3. HOW WE EXPENDED OUR FUNDS

	Note	Consolidated		Institute	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
3.1 Employee benefits					
Salaries, wages, overtime and allowances		94,953	86,341	94,791	86,172
Superannuation		8,448	7,611	8,431	7,595
Payroll tax		4,831	4,408	4,822	4,399
Long service leave		3,763	2,835	3,759	2,827
Termination benefits		368	27	368	27
Other		774	662	773	660
Total employee benefits		113,137	101,884	112,944	101,680

Employee expenses include all costs related to employment, including wages and salaries, superannuation, payroll tax, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. Superannuation disclosed above are employer contributions that are paid or payable during the reporting period.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Institute recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

3.2 Supplies and services

Purchase of supplies and consumables		5,399	5,133	5,397	5,133
Communication expenses		804	814	801	812
Utilities		3,785	2,912	3,425	2,641
Minor equipment		1,558	1,324	1,557	1,323
Fees and charges		5,371	5,187	5,340	5,168
Contract and other services		12,476	11,752	12,443	11,721
Building repairs and maintenance		2,323	3,164	2,294	3,129
Cost of goods sold/distributed (ancillary trading)		283	233	282	233
Total supplies and services		31,999	30,519	31,539	30,160

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when the inventories are distributed.

3.3 Other operating expenses

Marketing and promotional expenses		2,698	2,657	2,690	2,655
Audit fees and services	8.4	363	165	344	143
Bad and impaired credit losses from transactions		421	151	421	151
Staff development		912	1,056	911	1,056
Travel and motor vehicle expenses		1,068	880	1,068	879
Hiring costs/lease payments		980	2,538	980	2,537
Other expenses		3,376	2,550	3,352	2,531
Total other operating expenses		9,818	9,997	9,766	9,952

Other operating expenses are recognised in the reporting period in which they are incurred. Please refer to note 6.3 for further information on leases.

3. HOW WE EXPENDED OUR FUNDS

	Consolidated		Institute	
	2019	2018	2019	2018
Note	\$'000	\$'000	\$'000	\$'000
3.4 Depreciation and amortisation expense				
Buildings	6,746	6,402	6,746	6,402
Leasehold improvement	76	5	76	5
Plant and equipment	798	750	798	750
Cultural assets	6	6	6	6
Motor vehicles	583	536	583	536
Library collections	-	70	-	70
Computer equipment	1,600	2,254	1,600	2,254
Total depreciation	9,809	10,023	9,809	10,023
Amortisation				
Leased motor vehicles	25	-	25	-
Leased computer equipment	1,762	-	1,762	-
Right of use assets	2,959	-	2,959	-
Software	177	111	177	111
Total amortisation	4,923	111	4,923	111
Total depreciation and amortisation	14,732	10,134	14,732	10,134

Depreciation and amortisation are provided on property, plant and equipment, right of use assets, freehold buildings and software.

Depreciation and amortisation are generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

Depreciation and amortisation methods and rates used for each class of depreciable assets are:

Class of assets	Rates 2019	Rates 2018
Buildings	1.79% to 11.11%	1.79% to 11.11%
Leasehold improvement	lease term	
Plant and equipment	6.33% to 50%	6.33% to 50%
Cultural assets	1% to 1.10%	1% to 1.10%
Motor Vehicles	20% - 25%	20%
Library collections	NA	14.28%
Computer equipment	14.2% to 50%	14.2% to 50%
Right of use assets	lease term	
Software	20% to 33%	33%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

HOLMESGLEN INSTITUTE

Notes to the financial statements

4. THE ASSETS WE INVESTED IN

	Note	Consolidated		Institute	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
4.1 Investment properties					
At Fair value					
Opening balance at 1 January		105,245	104,750	83,585	82,095
Additions		978	-	978	-
Net gain/ (loss) from fair value adjustments		5,512	495	5,375	1,490
Closing balance at 31 December		111,735	105,245	89,938	83,585

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the Institute.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Institute.

Subsequent to initial recognition at cost, investment properties are re-valued to fair value with changes in the fair value recognised as other economic flows in the comprehensive operating statement in the period in which they arise. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. These properties are neither depreciated nor tested for impairment.

The fair values of the Consolidated entity's investment properties at 31 December 2019 have been arrived at on the basis of an independent valuation carried out by independent valuers. The valuation was determined by reference to market evidence of transaction prices for similar properties with no significant unobservable adjustments, in the same location and condition and subject to similar leases and other contracts.

HOLMESGLEN INSTITUTE

Notes to the financial statements

4. THE ASSETS WE INVESTED IN

4.2 Property, plant and equipment

Consolidated	Land \$'000	Buildings \$'000	Leasehold Improvement \$'000	Assets under construction \$'000	Plant & Equipment \$'000	Cultural Assets \$'000	Motor Vehicles \$'000	Library \$'000	Computer Equipment \$'000	Total \$'000
At 1 January 2018										
- Cost	-	-	2,205	11,708	275	85	3,097	1,893	596	19,859
- Valuation	116,105	200,451	-	-	4,286	443	-	-	2,152	323,437
Accumulated depreciation	-	-	(2,205)	-	(5)	-	(1,328)	(1,823)	(11)	(5,372)
Net book amount	116,105	200,451	-	11,708	4,556	528	1,769	70	2,737	337,924
Year ended 31 December 2018										
Opening net book amount	116,105	200,451	-	11,708	4,556	528	1,769	70	2,737	337,924
Additions	16,900	11,594	167	620	1,527	-	1,016	-	2,319	34,143
Disposals	-	-	-	-	(92)	-	(216)	-	(425)	(733)
Net revaluation increments/(decrements)	-	-	-	-	-	7	-	-	-	7
Net gain/(loss) on non-financial assets	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	(6,402)	(5)	-	(750)	(6)	(536)	(70)	(2,254)	(10,023)
Transfer from Investment Properties	-	-	-	(221)	-	-	-	-	-	(221)
Transfer from assets under construction	-	174	-	(11,487)	-	-	-	-	11,313	-
Closing net book amount	133,005	205,817	162	620	5,241	529	2,033	-	13,690	361,097
At 31 December 2018										
- Cost	16,900	8,184	2,372	620	1,803	-	3,147	1,894	14,228	49,148
- Valuation	116,105	204,035	-	-	4,168	529	-	-	1,709	326,546
Accumulated depreciation	-	(6,402)	(2,210)	-	(730)	-	(1,114)	(1,894)	(2,247)	(14,597)
Net book amount	133,005	205,817	162	620	5,241	529	2,033	-	13,690	361,097
Year ended 31 December 2019										
Opening net book amount	133,005	205,817	162	620	5,241	529	2,033	-	13,690	361,097
Additions	-	2,269	76	3,907	1,556	-	62	-	2,421	10,291
Disposals	-	-	-	-	(238)	-	(152)	-	-	(390)
Transfer to right of use asset - note 6.3	-	-	-	-	-	-	-	-	(7,497)	(7,497)
Net revaluation increments/(decrements)	-	-	-	-	-	34	-	-	-	34
Depreciation expense	-	(6,746)	(76)	-	(798)	(6)	(583)	-	(1,600)	(9,809)
Transfer from PP & E to MV	-	-	-	-	(86)	-	86	-	-	-
Transfer from assets under construction	-	605	15	(620)	-	-	-	-	-	-
Closing net book amount	133,005	201,945	177	3,907	5,675	557	1,446	-	7,014	353,726
At 31 December 2019										
- Cost	16,900	8,964	2,463	3,907	3,274	529	2,756	-	7,838	46,631
- Valuation	116,105	206,129	-	-	3,860	34	-	-	1,706	327,834
Accumulated depreciation	-	(13,148)	(2,286)	-	(1,459)	(6)	(1,310)	-	(2,530)	(20,739)
Net book value at the end of the financial year	133,005	201,945	177	3,907	5,675	557	1,446	-	7,014	353,726

The consolidated figures in the above table for property, plant and equipment are the same as the Institute as an individual entity.

HOLMESGLEN INSTITUTE

Notes to the financial statements

4. THE ASSETS WE INVESTED IN

4.2 Property, plant and equipment (continued)

Initial recognition

Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

The cost of a leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

Subsequent measurement

Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised by asset category.

Non-specialised land, non-specialised buildings and artworks are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

Specialised land and specialised buildings: The market approach is used for specialised land, and this is then adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants.

For the majority of the Institute's specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciation.

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost.

Non-current physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) issued by the Assistant Treasurer.

Refer to Note 7.3 for additional information on the fair value determination of property, plant and equipment.

Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount is increased to its recoverable amount. However this reversal can not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

HOLMESGLEN INSTITUTE

Notes to the financial statements

4. THE ASSETS WE INVESTED IN

	Note	Consolidated		Institute	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
4.3 Intangible assets					
Gross carrying amount					
Opening balance		1,709	1,291	1,709	1,291
Net revaluation increments/(decrements)		-	-	-	-
Additions		253	197	253	197
Transfer from assets under construction		-	221	-	221
Closing balance		1,962	1,709	1,962	1,709
Accumulated amortisation and impairment					
Opening balance		(1,138)	(1,027)	(1,138)	(1,027)
Amortisation charge		(177)	(111)	(177)	(111)
Net revaluation increments/(decrements)		-	-	-	-
Disposal		-	-	-	-
Closing balance		(1,315)	(1,138)	(1,315)	(1,138)
Net carrying amount at end of the year		647	571	647	571

Initial recognition

Purchased intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent measurement

Intangible assets with finite lives are amortised on a straight basis over their useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each annual reporting period.

Impairment

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the Comprehensive Operating Statement.

4. THE ASSETS WE INVESTED IN

	Note	Consolidated		Institute	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
4.4 Investments					
Current investments					
Financial assets at fair value through profit and loss:					
Victorian Funds Management Corporation - managed investments		32,997	30,697	30,937	28,774
Total current investments		32,997	30,697	30,937	28,774

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
5.1 Other non-financial assets					
Current					
Inventories - supplies and consumables at cost		59	58	59	58
Prepayments		5,761	4,813	5,713	4,775
Total current other non-financial assets		5,820	4,871	5,772	4,833

Inventories held for distribution are measured at cost.

Prepayments represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

HOLMESGLEN INSTITUTE

Notes to the financial statements

5. BALANCES FROM OPERATIONS

Note	Consolidated		Institute	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
5.2 Receivables				
Contractual - Current				
Contract assets	13,787	12,188	13,000	11,695
Allowance for credit losses	(724)	(1,140)	(724)	(1,140)
Total contract assets	13,063	11,048	12,276	10,555
Receivables - Current				
Trade receivables	3,203	1,884	3,203	1,884
Other receivables	7	4	7	4
Statutory				
GST input tax credit recoverable	249	154	267	175
Total receivables	3,459	2,042	3,477	2,063

Receivables consist of:

- statutory receivables, which predominantly include amounts owing from the Victorian Government and GST input tax credits recoverable;
- trade receivables, which include debtors in relation to goods and services, and
- contract assets which include accrued revenue for performance obligations completed, lease receivables and outstanding tuition fees.

Receivables are stated inclusive of the amount of GST receivable. Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for impairment.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Institute holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Impairment

The Institute measures loss allowances at an amount equal to life time expected credit losses (ECLs). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. ECLs are a probability-weighted estimate of credit-losses. Credit losses are measured as the present value of all cash shortfalls.

The movement in the allowance for impairment in respect of trade receivables during the year is shown below.

Movement in the allowance for credit losses

Balance at the beginning of the year	1,140	2,555	1,140	2,555
Increase /(decrease) in provision recognised in net result	(416)	(1,415)	(416)	(1,415)
Balance at the end of the year	724	1,140	724	1,140

HOLMESGLEN INSTITUTE

Notes to the financial statements

5. BALANCES FROM OPERATIONS

5.2 Receivables (continued)

In respect of trade and other receivables, the Institute is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

Ageing analysis of contractual receivables

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000
Consolidated						
2019						
Trade receivables	3,203	-	1,232	1,932	39	-
Other receivables	7	7	-	-	-	-
Contract assets	13,063	13,063	-	-	-	-
Total	16,273	13,070	1,232	1,932	39	-
2018						
Trade receivables	1,884	-	823	1,009	37	15
Other receivables	4	4	-	-	-	-
Contract assets	11,048	11,048	-	-	-	-
Total	12,936	11,052	823	1,009	37	15
Institute						
2019						
Trade receivables	3,203	-	1,232	1,932	39	-
Other receivables	7	7	-	-	-	-
Contract assets	12,276	12,276	-	-	-	-
Total	15,486	12,283	1,232	1,932	39	-
2018						
Trade receivables	1,884	-	823	1,009	37	15
Other receivables	4	4	-	-	-	-
Contract assets	10,555	10,555	-	-	-	-
Total	12,443	10,559	823	1,009	37	15

Note: The disclosures above excludes statutory receivables (e.g., amounts owing from Victorian Government and GST taxes payable).

The average credit period on sales of goods is 30 days. No interest is charged on receivables.

There are no financial assets that have their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

5. BALANCES FROM OPERATIONS

	Note	Consolidated		Institute	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
5.3 Payables					
Contractual					
Supplies and services		11,038	7,725	11,088	7,686
Contract payables	2.3	11,804	12,778	11,778	12,752
Statutory					
GST payable to the ATO		-	-	-	-
Total current payables		22,842	20,503	22,866	20,438

Payables consist of:

- contractual payables, such as accounts payable, and unearned income. Accounts payable represent liabilities for goods and services provided to the Institute prior to the end of the financial year that are unpaid, and arise when the Institute becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Maturity Analysis of contractual payables

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
Consolidated							
2019							
Supplies and services	11,038	11,038	11,038	-	-	-	-
Contract payables	11,804	11,804	11,804	-	-	-	-
Total	22,842	22,842	22,842	-	-	-	-
2018							
Supplies and services	7,725	7,725	7,725	-	-	-	-
Contract payables	12,778	12,778	12,778	-	-	-	-
Total	20,503	20,503	20,503	-	-	-	-
Institute							
2019							
Supplies and services	11,088	11,088	11,088	-	-	-	-
Contract payables	11,778	11,778	11,778	-	-	-	-
Total	22,866	22,866	22,866	-	-	-	-
2018							
Supplies and services	7,686	7,686	7,686	-	-	-	-
Contract payables	12,752	12,752	12,752	-	-	-	-
Total	20,438	20,438	20,438	-	-	-	-

Note: The disclosures above excludes statutory payables (e.g., amounts owing to the Victorian Government and GST taxes payable).

The average credit period is 30 days. No interest is charged on the other payables. Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

HOLMESGLEN INSTITUTE

Notes to the financial statements

5. BALANCES FROM OPERATIONS

Note	Consolidated		Institute	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
5.4 Employee benefits provision				
Current Provisions				
Employee benefits				
Annual leave				
Unconditional and expected to wholly settle within 12 months	2,818	2,387	2,812	2,380
Long service leave				
Unconditional and expected to wholly settle within 12 months	681	702	681	702
Unconditional and expected to wholly settle after 12 months	9,839	9,092	9,839	9,085
Sub total	13,338	12,181	13,332	12,167
Provision for on costs				
Annual leave				
Unconditional and expected to wholly settle within 12 months	580	487	579	486
Long service leave				
Unconditional and expected to wholly settle within 12 months	107	110	107	110
Unconditional and expected to wholly settle after 12 months	1,541	1,423	1,541	1,423
Total current provisions	15,566	14,201	15,559	14,186
Non-current Provisions				
Long service leave				
Conditional and expected to wholly settle after 12 months	2,805	1,776	2,795	1,775
Long service leave - on costs				
Conditional and expected to wholly settle after 12 months	439	278	438	278
Total non-current provisions	3,244	2,054	3,233	2,053
Total provisions	18,810	16,255	18,792	16,239

Provisions are made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

The present value of employee benefit obligations including annual leave, long service leave and on-costs are determined using various assumptions that may differ from actual developments in the future. These include future salary growth rate, future discount rates; tenure of existing staff and patterns of leave claims.

All assumptions are reviewed at each reporting date.

The leave obligations cover the Institute's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits.

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits annual leave are all recognised in the provision for employee benefits as 'current liabilities', because the Institute does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

- undiscounted value – if the Institute expects to wholly settle within 12 months; or
- present value – if the Institute does not expect to wholly settle within 12 months.

HOLMESGLEN INSTITUTE

Notes to the financial statements

5. BALANCES FROM OPERATIONS

5.4 Employee benefits provision (continued)

Unconditional LSL is disclosed as a current liability, even where the Institute does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of the current LSL liability are measured at:

- nominal value (undiscounted value) – component that is expected to be wholly settled within 12 months; and
- present value (discounted value) – component that is not expected to be wholly settled within 12 months.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of is presented as current, since the Institute does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Institute does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	Consolidated		Institute	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current leave obligations expected to be settled after 12 months	11,380	10,515	11,380	10,508

Conditional LSL is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in the bond interest rate for which it is then recognised as an other economic flow. The discount rate applied is as advised by the Assistant Treasurer.

Provision for on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision of employee benefits.

HOLMESGLEN INSTITUTE

Notes to the financial statements

6. HOW WE FINANCED OUR OPERATIONS

Note	Consolidated		Institute	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
6.1 Cash and deposits				
Cash at bank and on hand	3,764	1,198	3,444	813
Deposits at call - Westpac	32,967	-	32,967	-
Term Deposit - Treasury Corporation Victoria	-	30,000	-	30,000
Deposits at call - Treasury Corporation of Victoria	1,800	5,200	-	3,500
Total cash and deposits	38,531	36,398	36,411	34,313

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call, and term deposits with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Deposits at call with Westpac are held in accordance with the standing direction relating to the Central Banking System requirements.

6.1.1 Reconciliation of operating result to net cash flows from operating activities

Net result for the year	10,686	2,387	10,294	4,819
Non cash movements:				
Depreciation and amortisation of non-current assets	14,732	10,134	14,732	10,134
Net (gain) / loss on sale of non-current assets	(211)	264	(211)	264
Net (gain) / loss on disposal of financial investments	(2,300)	3,219	(2,162)	3,066
Fair value gains on other non- financial assets	(5,251)	(502)	(5,114)	(1,497)
Net (gain)/loss on financial liabilities at amortised cost	212	41	212	41
Adjustment on adoption of new accounting policy AASB15	311	-	-	-
Total non-cash flows in operating result	7,493	13,156	7,457	12,008
Movements in operating assets and liabilities				
Decrease / (increase) in trade receivables	(1,417)	4	(1,414)	482
Decrease / (increase) in contract assets	(2,015)	2,435	(1,721)	1,980
Decrease / (increase) in inventories	(1)	-	(1)	-
Decrease / (increase) in other assets	(948)	(104)	(938)	(96)
Increase / (decrease) in payables	3,314	(1,655)	3,402	(1,625)
Increase / (decrease) in contract liabilities	(974)	(1,833)	(974)	(1,773)
Increase / (decrease) in employee benefits	2,555	1,571	2,553	1,557
Total movement in operating assets and liabilities	514	418	907	525
Net cash flow from/(used in) operating activities	18,693	15,961	18,658	17,352

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are presented as operating cash flows.

6. HOW WE FINANCED OUR OPERATIONS

	Note	Consolidated		Institute	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
6.2 Borrowings					
Current					
Advances from Government		815	815	815	815
Non-Current					
Advances from Government		2,273	3,088	2,273	3,088
Impact of revaluing at fair value		(499)	(712)	(499)	(712)
Total borrowings		2,589	3,191	2,589	3,191

Advances from Government

Advances from Government are initially measured at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds net of transaction costs and their redemption amount is recognised in the Comprehensive Operating Statement over the period of borrowings using the effective interest rate method.

Maturity Analysis of borrowings

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months -1 year \$'000	1-5 years \$'000	+5 years \$'000
Consolidated							
2019							
Advances from Government	2,589	3,088	-	-	815	2,273	-
Total	2,589	3,088	-	-	815	2,273	-
2018							
Advances from Government	3,191	3,903	-	-	815	3,088	-
Total	3,191	3,903	-	-	815	3,088	-
Institute							
2019							
Advances from Government	2,589	3,088	-	-	815	2,273	-
Total	2,589	3,088	-	-	815	2,273	-
2018							
Advances from Government	3,191	3,903	-	-	815	3,088	-
Total	3,191	3,903	-	-	815	3,088	-

6. HOW WE FINANCED OUR OPERATIONS

6.3 Leases

The Institute has applied AASB 16 using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 January 2019, with no restatement of comparative information.

Policy applicable before 1 January 2019

As a lessee, the Institute classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Institute.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration, agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that leased incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

Policy applicable after 1 January 2019

At inception of a contract, the Institute will assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

i. Leases classified as operating leases under AASB 117

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Institute's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment.

The Institute used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

6. HOW WE FINANCED OUR OPERATIONS

6.3 Leases (continued)

ii. Leases previously classified as finance leases

For leases that were classified as finance leases under AASB 117, the carrying amount of the right of use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

The Institute is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor, except for a sub-lease. The Institute accounted for its leases in accordance with AASB 16 from the date of initial application.

Under AASB 16, the Institute is required to assess the classification of a sub-lease with reference to the right-of-use asset not the underlying asset. On transition, the Institute reassessed the classification of a sub-lease contract previously classified as an operating lease under AASB 117.

The Institute applied AASB 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

As a lessee

The Institute recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and appropriate increment borrowing rate as provided by Treasury Corporate of Victoria (TCV). Generally, the Institute uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date:
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under purchase option that the Institute is reasonably certain to exercise, lease payments in an optional renewal period if the Institute is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Institute is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Institute's estimate of the amount expected to be payable under a residual value guarantee, or if the Institute changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

6. HOW WE FINANCED OUR OPERATIONS

6.3 Leases (continued)

Right of use assets

	Property \$'000	Computer Equipment \$'000	Vehicles \$'000	Other \$'000	Total \$'000
Consolidated					
Balance at 1 January 2019	8,289	7,497	-	67	15,853
Additions	1,298	-	533	94	1,925
Disposals	(295)	-	-	-	(295)
Amortisation charge	(2,959)	(1,762)	(25)	-	(4,746)
Balance at 31 December 2019	6,333	5,735	508	161	12,737
Institute					
Balance at 1 January 2019	8,289	7,497	-	67	15,853
Additions	1,298	-	533	94	1,925
Disposals	(295)	-	-	-	(295)
Amortisation charge	(2,959)	(1,762)	(25)	-	(4,746)
Balance at 31 December 2019	6,333	5,735	508	161	12,737

Lease liabilities

	Note	Consolidated		Institute	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Maturity analysis- contractual undiscounted cash flows					
Less than one year		5,272	1,863	5,275	1,863
One to five years		7,312	5,276	7,312	5,276
More than five years		-	-	-	-
Total undiscounted lease liabilities as at 31 December		12,584	7,139	12,587	7,139

Lease liabilities included in the Balance Sheet at 31 December :

Current	4,972	1,769	4,972	1,769
Non-current	7,414	5,160	7,414	5,160
Total lease liabilities	12,386	6,929	12,386	6,929

Finance cost

	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Interest on Lease Liabilities	410	116	410	116
Total Finance Cost	410	116	410	116

6. HOW WE FINANCED OUR OPERATIONS

6.3 Leases (continued)

Impact on financial statements

On transition to AASB 16, the Institute recognised an additional \$8.356 million of right-of-use assets and \$8.356 million of lease liabilities.

When measuring lease liabilities, the Institute discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 3.3%.

	Consolidated	Institute
	1-Jan-19	1-Jan-19
	\$'000	\$'000
Operating lease commitment at 31 December 2018 as disclosed in the Institute's consolidated financial statements	8,922	8,922
Discounted using the incremental borrowing rate at 1 January 2019	8,356	8,356
Finance lease liability recognised as at 31 December 2018	7,497	7,497
Lease liabilities recognised as at 1 January 2019	15,853	15,853

There are no short-term and low value leases at 31 December 2019

7. MANAGING RISKS AND UNCERTAINTIES

Note	Consolidated		Institute	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000

7.1 Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Categories of financial instruments

Financial assets

Financial assets measured at amortised cost

Cash and deposits	38,531	6,398	36,411	4,313
Term deposit - Treasury Corporation Victoria	-	30,000	-	30,000
Trade receivables	3,210	1,888	3,210	1,888
Contract assets	13,063	11,048	12,276	10,555

Financial assets measured at fair value through profit and loss

Managed investments	32,997	30,697	30,937	28,774
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Total financial assets	87,801	80,031	82,834	75,530
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Financial liabilities

Financial liabilities measured at amortised cost

Supplies and services	11,038	7,725	11,088	7,686
Contract payable	11,804	12,778	11,778	12,752
Advances from Government	2,589	3,191	2,589	3,191
Lease liabilities	12,386	6,929	12,386	6,929

Total financial liabilities	37,817	30,623	37,841	30,558
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Categories of financial instruments

Financial assets measured at amortised cost

Financial assets measured at amortised cost are financial instruments which meet both of the following criteria and are not designated at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cashflows that are solely principal and interest on the principal amount outstanding.

The Institute recognises the following financial assets in this category:

- cash and deposits
- receivables (excluding statutory receivables); and
- term deposits.

Financial assets measured at fair value through profit and loss

All financial assets not measured at amortised costs or fair value through other comprehensive income are measured at fair value through profit and loss.

On initial recognition of an equity instrument, the Institute may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The Institute has not elected to present changes in the fair value of its investments in other comprehensive income. As such, they are measured at fair value through profit and loss.

Financial liabilities at fair value through profit and loss are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition.

Financial instruments at fair value through net result are initially measure at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. The Institute recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Institute retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Institute has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset, or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Institute has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Institute's continuing involvement in the asset.

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139. The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, revenue receivable and term deposits.

Under AASB 9, loss allowances are measured on either of the following basis;

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these ECLs that result from all possible default events over the expected life of a financial instrument.

The Institute measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Reclassification of financial instruments: Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through the comprehensive operating statement upon recognition, may be reclassified out of the fair value through the comprehensive operating statement, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through the comprehensive operating statement category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through the comprehensive operating statement. In these cases, the financial instrument assets may be reclassified out of the fair value through the comprehensive operating statement, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Available-for-sale financial instrument assets that meet the definition of loans and receivables may be reclassified into the loans and receivables category if there is the intention and ability to hold them for the foreseeable future or until maturity.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.1 Net holding gain/(loss) on financial instrument by category

Net holding gain/(loss) on financial instrument by category	Net holding gain/(loss)		Total interest income/(expense)		Fee income/(expense)		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Consolidated								
Financial assets measured at amortised cost	-	-	563	801	-	-	563	801
Financial assets measured at fair value through profit and loss	2,088	(3,260)	-	-	2,380	3,706	4,468	446
Total financial assets	2,088	(3,260)	563	801	2,380	3,706	5,031	1,247
Financial liabilities at amortised cost	(212)	(41)	-	-	-	-	(212)	(41)
Total financial liabilities	(212)	(41)	-	-	-	-	(212)	(41)
Institute								
Financial assets measured at amortised cost	-	-	545	771	-	-	545	771
Financial assets measured at fair value through profit and loss	1,950	(3,107)	-	-	2,235	3,560	4,185	453
Total financial assets	1,950	(3,107)	545	771	2,235	3,560	4,730	1,224
Financial liabilities at amortised cost	(212)	(41)	-	-	-	-	(212)	(41)
Total financial liabilities	(212)	(41)	-	-	-	-	(212)	(41)

Net gain/ (loss) on financial instruments includes realised and unrealised gains and losses from the revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading, impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.2 Financial risk management objectives and policies

The Institute is exposed to a variety of financial risks, including credit risk, liquidity risk, foreign currency risk, treasury operations risks, equity price risk, and interest rate risk.

The Institute's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

The Institute's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Institute. The Institute uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

Primary responsibility for the identification and management of financial risks rests with the Audit and Risk Committee of the Institute with oversight by the Board.

Interest rate risk

Interest rate risk is the risk that the investments' value will change due to a material change in the level of interest rates. Interest rate risk is managed by ensuring diversification across investment asset classes, monitoring of market conditions, and investing in a mixture of short and longer term investments.

Liquidity risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. Liquidity risk is managed through regular monitoring of the Institute's current and projected cash flow requirements and ensuring that funds held for operational liquidity requirements are invested in cash or cash equivalent investments. The Institute's maximum exposure to liquidity risk is the carrying amounts of the liabilities disclosed in the balance sheet.

Equity price risk

Equity price risk is the risk that the investments' value will change due to changes in market prices caused by factors specific to the investment or its issuers, or factors affecting similar investments traded on relevant markets. This risk is managed by the Victorian Funds Management Corporation (VFMC) for funds held on behalf of the Institute and its controlled entities.

Foreign currency risk

Foreign exchange risk is the risk that the Institute's operating result, cash flow or capital are negatively impacted by a change in foreign exchange rates. The Institute has minimal exposure to foreign currency risk.

Treasury operational risk

Treasury operational risk is the risk that the Institute loses funds as a result of a failure in systems, people or procedures. Treasury operational risk includes fraud and theft. The Institute has an extensive internal control framework to minimise treasury operational risk including rules, policies and procedures for governance, risk management, financial Management including investment and bank account delegations, and fraud and corruption control.

HOLMESGLEN INSTITUTE

Notes to the financial statements

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.2 Financial risk management objectives and policies (continued)

Credit risk

Credit risk is the risk that a counter party to a financial investment transaction will be unable or unwilling to fulfil its contractual obligations. Counterparty risk is managed by ensuring that the Institute's investments are transacted with a financial institution that is a State owned entity, or has a credit rating assigned by the same agency to the State of Victoria.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Institute's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Credit quality of contractual financial assets that are neither past due nor impaired

	Financial Institutions (AA- rating) \$'000	Government agencies (AAA rating) \$'000	Other counter- party \$'000	Total \$'000
Consolidated				
2019				
Cash and deposits	3,764	1,800	-	5,564
Deposits at call - Westpac	32,967			32,967
Receivables ¹	-	-	3,210	3,210
Contract assets			13,063	13,063
Investments and other financial assets	-	32,997	-	32,997
Total contractual financial assets	36,731	34,797	16,273	87,801
2018				
Cash and deposits	1,198	5,200	-	6,398
Term Deposit - TCV		30,000		30,000
Receivables ¹	-	-	1,888	1,888
Contract assets			11,048	11,048
Investments and other financial assets	-	30,697	-	30,697
Total contractual financial assets	1,198	65,897	12,936	80,031
Institute				
2019				
Cash and deposits	3,444	-	-	3,444
Deposits at call - Westpac	32,967	-	-	32,967
Receivables ¹	-	-	3,210	3,210
Contract assets			12,276	12,276
Investments and other financial assets	-	30,937	-	30,937
Total contractual financial assets	36,411	30,937	15,486	82,834
2018				
Cash and deposits	813	3,500	-	4,313
Term deposit - TCV	-	30,000	-	30,000
Receivables ¹	-	-	1,888	1,888
Contract assets			10,555	10,555
Investments and other financial assets	-	28,774	-	28,774
Total contractual financial assets	813	62,274	12,443	75,530

Notes:

1. The total amounts disclosed here exclude statutory amounts (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

HOLMESGLEN INSTITUTE

Notes to the financial statements

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.2 Financial risk management objectives and policies (continued)

Interest rate exposure of financial instruments

	Weighted average effective rate		Total carrying amount per balance sheet		Floating interest rate		Fixed interest rate		Non-interest bearing	
	2019 %	2018 %	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Consolidated										
Financial assets										
Cash and deposits			3,764	1,198	-	-	-	-	3,764	1,198
Deposits at call - Westpac			32,967	-	32,967	-	-	-	-	-
Deposits at call (TCV)	1.45	1.45	1,800	5,200	1,800	5,200	-	-	-	-
Term deposit (TCV)	1.96	1.93	-	30,000	-	-	-	30,000	-	-
Receivables										
Trade receivables			3,210	1,888	-	-	-	-	3,210	1,888
Contract assets			13,063	11,048	-	-	-	-	13,063	11,048
Managed investments			32,997	30,697	-	-	-	-	32,997	30,697
Total financial assets			87,801	80,031	34,767	5,200	-	30,000	53,034	44,831
Financial liabilities										
Payables			22,842	7,725	-	-	-	-	22,842	7,725
Leases			12,386	6,929	-	-	12,386	6,929	-	-
Advances from Government			2,589	3,191	-	-	-	-	2,589	3,191
Total contractual financial liabilities			37,817	17,845	-	-	12,386	6,929	25,431	10,916
Institute										
Financial assets										
Cash and deposits			3,444	813	-	-	-	-	3,444	813
Deposits at call - Westpac			32,967	-	32,967	-	-	-	-	-
Deposits at call (TCV)	1.45	1.45	-	3,500	-	3,500	-	-	-	-
Term deposit (TCV)	1.96	1.93	-	30,000	-	-	-	30,000	-	-
Receivables										
Trade receivables			3,210	1,888	-	-	-	-	3,210	1,888
Contract assets			12,276	11,695	-	-	-	-	12,276	11,695
Managed investments			30,937	28,774	-	-	-	-	30,937	28,774
Total financial assets			82,834	76,670	32,967	3,500	-	30,000	49,867	43,170
Financial liabilities										
Payables			22,866	7,686	-	-	-	-	22,866	7,686
Leases			12,386	6,929	-	-	12,386	6,929	-	-
Advances from Government			2,589	3,191	-	-	-	-	2,589	3,191
Total contractual financial liabilities			37,841	17,806	-	-	12,386	6,929	25,455	10,877

HOLMESGLEN INSTITUTE

Notes to the financial statements

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments (continued)

7.1.2 Financial risk management objectives and policies (continued)

Interest rate risk sensitivity

A possible change of 1% (2018: 1%) in interest rates at the reporting date would have increased (decreased) equity and results by the amount shown below. This analysis assumes that all other variables remain constant.

	Interest rate risk									
	Carrying amount		-1%				+1%			
	2019	2018	Result		Equity		Result		Equity	
Consolidated	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Term deposit	-	30,000	-	(300)	-	(300)	-	300	-	300
Deposits at call	34,767	5,200	(348)	(52)	(348)	(52)	348	52	348	52
Total impact	34,767	35,200	(348)	(352)	(348)	(352)	348	352	348	352
Institute										
Term deposit	-	30,000	-	(300)	-	(300)	-	300	-	300
Deposits at call	32,967	3,500	(330)	(35)	(330)	(35)	330	35	330	35
Total impact	32,967	33,500	(330)	(335)	(330)	(335)	330	335	330	335

A possible change of 10% (2018: 10%) in equity price risk at the reporting date would have increased (decreased) equity and results by the amount shown below. This analysis assumes that all other variables remain constant.

	Equity price risk									
	Carrying amount		-10%				+10%			
	2019	2018	Result		Equity		Result		Equity	
Consolidated	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Managed investments	32,997	30,697	(3,300)	(3,070)	(3,300)	(3,070)	3,300	3,070	3,300	3,070
Total impact	32,997	30,697	(3,300)	(3,070)	(3,300)	(3,070)	3,300	3,070	3,300	3,070
Institute										
Managed investments	30,937	28,774	(3,094)	(2,877)	(3,094)	(2,877)	3,094	2,877	3,094	2,877
Total impact	30,937	28,774	(3,094)	(2,877)	(3,094)	(2,877)	3,094	2,877	3,094	2,877

7. MANAGING RISKS AND UNCERTAINTIES

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

The Institute has no contingent assets at 31 December 2019 (2018: Nil)

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

The Institute has no contingent liabilities at 31 December 2019 (2018: Nil)

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination

This section sets out information on how the Institute determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through profit and loss;
- land, buildings, plant and equipment, vehicles, lease hold improvements; and
- investment properties.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

The Institute determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value estimation

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Institute determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(a) Fair value determination of financial assets and liabilities

The Institute currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019 reporting period.

These financial instruments include:

Financial assets

Cash and deposits

Receivables:

- Sales of goods and services
- Contract assets

Financial liabilities

Payables

- Advance from government
- Leases

The fair value of financial instruments is the same as the carrying amount.

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Below is the fair value hierarchy information of financial assets measured at fair value.

	Consolidated				Institute			
	Carrying amount at 31 December	Fair value measurement at end of reporting period using:			Carrying amount at 31 December	Fair value measurement at end of reporting period using:		
	\$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	\$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2019								
Financial assets								
Investments and other financial assets								
Managed investments	32,997	32,997	-	-	30,937	30,937	-	-
Total financial assets	32,997	32,997	-	-	30,937	30,937	-	-
2018								
Financial assets								
Investments and other financial assets								
Managed investments	30,697	30,697	-	-	28,774	28,774	-	-
Total financial assets	30,697	30,697	-	-	28,774	28,774	-	-

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

(b) Fair value determination of non-financial assets

The Institute holds property, plant and equipment for which fair values are determined. Below are the relevant fair value information relating to those assets.

Fair value measurement hierarchy of property, plant and equipment

	Consolidated				Institute			
	Carrying amount at 31 December	Level 1 Quoted prices	Level 2 Observable price inputs	Level 3 Unobservable inputs	Carrying amount at 31 December	Level 1 Quoted prices	Level 2 Observable price inputs	Level 3 Unobservable inputs
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019								
Specialised land	133,005	-	-	133,005	133,005	-	-	133,005
Total land at fair value	133,005	-	-	133,005	133,005	-	-	133,005
Specialised buildings	201,945	-	-	201,945	201,945	-	-	201,945
Total buildings at fair value	201,945	-	-	201,945	201,945	-	-	201,945
Plant and equipment	5,675	-	-	5,675	5,675	-	-	5,675
Cultural assets	557	-	557	-	557	-	557	-
Vehicles	1,446	-	-	1,446	1,446	-	-	1,446
Library	-	-	-	-	-	-	-	-
Computer equipment	7,014	-	-	7,014	7,014	-	-	7,014
Leasehold improvements	177	-	-	177	177	-	-	177
Total other assets at fair value	14,869	-	557	14,312	14,869	-	557	14,312
2018								
Specialised land	133,005	-	-	133,005	133,005	-	-	133,005
Total land at fair value	133,005	-	-	133,005	133,005	-	-	133,005
Specialised buildings	205,817	-	-	205,817	205,817	-	-	205,817
Total buildings at fair value	205,817	-	-	205,817	205,817	-	-	205,817
Plant and equipment	5,241	-	-	5,241	5,241	-	-	5,241
Cultural assets	529	-	529	-	529	-	529	-
Vehicles	2,033	-	-	2,033	2,033	-	-	2,033
Library	-	-	-	-	-	-	-	-
Computer equipment	13,690	-	-	13,690	13,690	-	-	13,690
Leasehold improvements	162	-	-	162	162	-	-	162
Total other assets at fair value	21,655	-	529	21,126	21,655	-	529	21,126

Fair value measurement hierarchy of investment properties

2019								
Investment properties	111,735	-	111,735	-	89,938	-	89,938	-
Total investment properties	111,735	-	111,735	-	89,938	-	89,938	-
2018								
Investment properties	105,245	-	105,245	-	83,585	-	83,585	-
Total investment properties	105,245	-	105,245	-	83,585	-	83,585	-

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

Valuations of property, plant and equipment

Fair value assessments have been performed at 31 December 2019 for all classes of assets. This assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation was not required this year. The next scheduled full revaluation for the Institute will be conducted in 2022.

Specialised land and specialised buildings - The market approach is used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the Institute's majority of specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

Motor vehicles are valued using the depreciated replacement cost method. The Institute acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by fleet managers in the Institute who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

Leasehold improvements are held at fair value being depreciated cost. As there is no evidence of a reliable market-based fair value (or other relevant fair value indicators) for leasehold improvements, depreciated cost is the fair value for these types of assets. The valuation of leasehold improvements is based on significant unobservable inputs and accordingly is classified as Level 3 assets.

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination (continued)

There were no changes in valuation techniques throughout the period to 31 December 2019.

For all assets measured at fair value, the current use is considered the highest and best use.

Reconciliation of level 3 fair value movements

	Specialised land		Specialised buildings		Plant and equipment		Motor Vehicles		Library		Computer Equipment		Leasehold improvements	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated														
Opening balance	133,005	116,105	205,817	200,451	5,241	4,556	2,033	1,769	-	70	13,690	2,737	162	-
Additions	-	16,900	2,269	11,594	1,556	1,527	62	1,016	-	-	2,421	2,319	76	167
Transfers in / (out) of Level 3	-	-	605	174	(324)	(92)	(66)	(216)	-	-	(7,497)	10,888	15	-
Depreciation	-	-	(6,746)	(6,402)	(798)	(750)	(583)	(536)	-	(70)	(1,600)	(2,254)	(76)	(5)
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	133,005	133,005	201,945	205,817	5,675	5,241	1,446	2,033	-	-	7,014	13,690	177	162
Institute														
Opening balance	133,005	116,105	205,817	200,451	5,241	4,556	2,033	1,769	-	70	13,690	2,737	162	-
Additions	-	16,900	2,269	11,594	1,556	1,527	62	1,016	-	-	2,421	2,319	76	167
Transfers in/ (out) of Level 3	-	-	605	174	(324)	(92)	(66)	(216)	-	-	(7,497)	10,888	15	-
Depreciation	-	-	(6,746)	(6,402)	(798)	(750)	(583)	(536)	-	(70)	(1,600)	(2,254)	(76)	(5)
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	133,005	133,005	201,945	205,817	5,675	5,241	1,446	2,033	-	-	7,014	13,690	177	162

Description of significant unobservable inputs to Level 3 valuations

2019 and 2018	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Useful life of buildings
Plant and equipment	Depreciated replacement cost	Useful life of plant and equipment
Motor Vehicles	Depreciated replacement cost	Useful life of vehicles
Library	Depreciated replacement cost	Useful life
Computer equipment	Depreciated replacement cost	Useful life of computer equipment
Leasehold improvements	Depreciated replacement cost	Useful life

HOLMESGLEN INSTITUTE

Notes to the financial statements

8. GOVERNANCE

8.1 Responsible persons

Responsible persons

In accordance with the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons and executive officers for the reporting period.

Minister

The relevant Minister for the year was The Hon. Gayle Tierney MP.

Remuneration of the Minister for Training and Skills and Minister for Higher Education is disclosed in the financial report of the Department of Parliamentary Services. Other relevant interests are declared in the Register of Members interests which is completed by each member of the Parliament.

Accountable Officer

M. Faraone (Chief Executive)

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the Institute during the reporting period was in the range: \$380,000 - \$389,999 (\$380,000 - \$389,999 in 2018).

Members of the Board of Holmesglen Institute

P. Lewinsky, Chair	B. Porter
M. Faraone, Chief Executive	D. Cleland (resigned 30/5/2019)
A. Barker	C. Karamzalis
Emeritus Professor P. Darvall AO	C. Walsh
K. Corry	K. Bailey (term completed 30/6/19)
L. Morgan AM	M. Gorton AM
D. Thorsen (appointed 1/7/19)	I. Hamm (appointed 1/10/2019)

Responsible Persons' Remuneration

The number of responsible persons are shown in their income bands:

	2019 No	2018 No
Income range		
0 - 9,999	1	-
10,000 - 9,999	1	-
20,000 - 29,999	2	-
30,000 - 39,999	-	7
40,000 - 49,999	8	3
80,000 - 89,999	1	1
360,000 - 369,999	-	-
380,000 - 389,999	1	1
Total number	14	12
	\$'000	\$'000
Total remuneration received or due and receivable by the responsible persons from the reporting entity.	867	863

8. GOVERNANCE

8.2 Remuneration of executives

The remuneration of executive officers, other than ministers and accountable officers are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the Institute, or on behalf of the Institute, in exchange for services rendered, and is disclosed in the following categories:

- Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.
- Post-employment benefits include employer superannuation contributions.
- Other long-term benefits include long service leave, other long service benefits or deferred compensation.
- Termination benefits include termination of employment payments, such as severance packages.

	Consolidated		Institute	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Remuneration				
Short-term benefits	3,049	3,081	3,049	3,081
Post-employment benefits	268	276	268	276
Other long-term benefits	38	37	38	37
Terminations benefits	-	74	-	74
Total remuneration	3,355	3,468	3,355	3,468
Total number of executive officers	16	18	16	18
Total annualised employee equivalent (AEE)	15.4	16.1	15.4	16.1

Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

HOLMESGLEN INSTITUTE

Notes to the financial statements

8. GOVERNANCE

8.3 Related parties

Related parties of the Institute and its consolidated group include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members;
- all entities that are controlled and consolidated into the Institute's consolidated financial statements; and
- all departments and public sector entities that are controlled and consolidated into the whole of the state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

The following entities have been consolidated into the Institute's financial statements in accordance with AASB 10:

- Holmesglen International Training Services Pty Ltd
- Glenuc Pty Ltd, and
- Holmesglen Foundation.

Significant transactions with government related entities:-

	2019 \$'000	2018 \$'000
The Institute received funding from the Victorian Government as follows:-		
State Government - contestable and fee concessions	56,141	46,091
State Capital	3,446	-
State Government - other contributions	21,142	13,716
Total	80,729	59,807

Related party transactions	Transaction values for year ended		Balances outstanding as at 31	
	31 December		December	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Donation from subsidiary to the Institute				
Holmesglen International Training Services Pty. Ltd.	-	1,400	-	-
Distribution from the Holmesglen Foundation to the Institute				
Holmesglen Foundation	1,042	1,084	-	-
Rent paid by Holmesglen Foundation to the Institute	600	600	-	-
Management fee paid by Holmesglen Foundation to the Institute	97	97	-	-
Total	1,739	3,181	-	-

Key management personnel of the Institute includes the Minister of Training and Skills and Minister for Higher Education, the Hon. Gayle Tierney MP and the Members of the Holmesglen Institute Board, the Accountable Officer and the Institute's Senior Executive Team, which includes:-

- J. James, Chief Financial Officer
- L. English, Executive Director, Education and Applied Research
- S. McKinnon, Executive Director, Engagement and Support
- D. Saunders, Executive Director, International Education and Business Development (resigned 31/07/19)
- P. Culpan, Executive Director, Corporate and Commercial Services
- C. Robertson, Executive Director, Quality and Performance (commenced 04/02/19, resigned 06/12/19)

HOLMESGLEN INSTITUTE

Notes to the financial statements

8. GOVERNANCE

8.3 Related parties (continued)

Key management personnel of the entities consolidated pursuant to section 53(1)(b) of the FMA into the Institute's financial statements include:

Entity	Key management personnel	Position title
Holmesglen International Training Services Pty Ltd	M. Faraone	Director
Glenuc Pty Ltd	M. Faraone P. Lewinsky W. Chau M. Gorton A. Barker	Director Director Director Director Director

Compensation of Key management personnel

	Consolidated		Institute	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Total remuneration				
Short-term employee benefits	2,109	2,111	2,099	2,101
Post-employment benefits	181	182	180	182
Other long-term benefits	19	19	19	19
Termination benefits	-	33	-	33
Total remuneration	2,309	2,345	2,298	2,335

Transactions and balances with key management personnel and other related parties

Other related transactions and loans requiring disclosure under the Directions of the Assistant Treasurer have been considered and there are no matters to report.

	Consolidated		Institute	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
8.4 Auditors remuneration				
Remuneration of Victorian Auditor General's Office for:				
Audit of the financial statements	103	98	103	98
Audit of the financial statements of subsidiaries	18	17	-	-
Total remuneration of Victorian Auditor-General's Office	121	115	103	98
Remuneration of other auditors :				
Other Assurance Services	241	50	241	45
Total remuneration of other auditors	241	50	241	45
Total Remuneration of Auditors	362	165	344	143

9. OTHER DISCLOSURES

Note	Consolidated		Institute	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
9.1 Other economic flows included in net result				
(a) Net gain/(loss) on non-financial assets				
Revaluation of investment properties	5,512	495	5,375	1,490
Revaluation of cultural assets	34	7	34	7
Net gain/(loss) on disposal of leased assets	(295)	-	(295)	-
Net gain/(loss) on disposal of physical assets	211	(264)	211	(264)
Total net gain/(loss) on non-financial assets and liabilities	5,462	238	5,325	1,233
(b) Net gain/(loss) on financial instruments				
Net gain/(loss) realised on revaluation of financial investments	2,300	(2,637)	2,162	(2,484)
Net gain/(loss) realised on disposal of financial investments	-	(582)	-	(582)
Subtotal net gain/(loss) on financial investments	2,300	(3,219)	2,162	(3,066)
Net gain/(loss) on financial liabilities at amortised cost	(212)	(41)	(212)	(41)
Total net gain/(loss) on financial instruments	2,088	(3,260)	1,950	(3,107)

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from revaluations of investments properties and cultural assets
- gains and losses from disposal of physical assets
- gains and losses from disposal of financial investments; and
- gains and losses on financial liabilities at amortised cost

HOLMESGLEN INSTITUTE

Notes to the financial statements

9. OTHER DISCLOSURES

Note	Consolidated		Institute	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
9.2 Equity reserves				
(a) Contributed Capital				
Balance at 1 January	122,807	122,807	122,807	122,807
Capital contributions	-	-	-	-
Balance at 31 December	122,807	122,807	122,807	122,807
(b) Reserves				
Composition of Reserves				
Physical asset revaluation surplus				
Land	118,058	118,058	118,058	118,058
Buildings	96,013	96,013	96,013	96,013
Plant and Equipment	2,342	2,342	2,342	2,342
Balance at 31 December	216,413	216,413	216,413	216,413
Movements in Reserves				
Balance at 1 January	216,413	216,413	216,413	216,413
Revaluation increment on non-current assets	-	-	-	-
Balance at 31 December	216,413	216,413	216,413	216,413
Land				
Balance at 1 January	118,058	118,058	118,058	118,058
Revaluation increment on non-current assets	-	-	-	-
Balance at 31 December	118,058	118,058	118,058	118,058

The asset revaluation reserve for land comprises increments/(decrements) arising from revaluations every 5 years. The last valuation was 31/12/17.

Buildings				
Balance at 1 January	96,013	96,013	96,013	96,013
Revaluation decrement on non-current assets	-	-	-	-
Balance at 31 December	96,013	96,013	96,013	96,013

The asset revaluation reserve for buildings comprises increments/(decrements) arising from revaluations every 5 years. The last valuation was 31/12/17.

Plant and Equipment				
Balance at 1 January	2,342	2,342	2,342	2,342
Revaluation increment on non-current assets	-	-	-	-
Balance at 31 December	2,342	2,342	2,342	2,342

The asset revaluation reserve for plant and equipment comprises increments/(decrements) arising from revaluations every 5 years. The last valuation was 31/12/17.

9. OTHER DISCLOSURES

Note	Consolidated		Institute	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
(c) Investment revaluation reserve*				
Balance at 1 January	-	3,516	-	3,440
Balance at beginning of financial year	-	3,516	-	3,440
Gain/(loss) on revaluation of Victorian Funds Management Corporation investments	-	-	-	-
Adjustments on adoption of new accounting policy AASB 9	-	(3,516)	-	(3,440)
Balance at 31 December	-	-	-	-
* The Investment revaluation reserve has been transferred to Accumulated Surplus on the adoption of AASB 9 with effect from 1st January 2018.				
(d) Accumulated surplus / (deficit)				
Balance at 1 January	165,871	159,968	139,774	131,515
Adjustment on adoption of new accounting policy AASB15	311	-	-	-
Adjustments on adoption of new accounting policy AASB 9	-	3,516	-	3,440
Net operating result for the year	10,686	2,387	10,294	4,819
Balance at 31 December	176,868	165,871	150,068	139,774
Total equity	516,088	505,091	489,288	478,994

9. OTHER DISCLOSURES

Consolidated		Institute	
2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000

9.3 Superannuation

Employees of the Institute are entitled to receive superannuation benefits and the Institute contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

The Institute does not recognise any defined benefit liability in respect of the plan(s) because it has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements.

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Institute.

The name and details of the major employee superannuation funds and contributions made by the Institute are as follows:

Paid Contributions for the Year				
Defined benefit plans:				
State Superannuation Fund – revised and new	231	245	231	245
Total defined benefit plans	231	245	231	245
Defined contribution plans:				
VicSuper	4,428	3,972	4,428	3,972
Other	4,054	3,466	4,038	3,451
Total defined contributions plans	8,482	7,438	8,466	7,423
Total paid contribution for the year	8,713	7,683	8,697	7,668
Contribution Outstanding at Year End				
Various Funds	964	612	963	611
Total	964	612	963	611

Defined contribution plans

Contributions to defined contribution plans are expensed when they become payable.

Defined benefit plans

The expenses recognised represents the contributions made by the Institute to the superannuation plan in respect of current services of current Institute staff which are based on the relevant rules of each plan.

9. OTHER DISCLOSURES

Note	Consolidated		Institute	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000

9.4 Commitments

9.4.1 Expenditure commitments

(a) Capital expenditure commitments payable

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

Property, Plant and Equipment

Payable:

- Within one year	6,427	1,110	6,427	1,110
- Later than one year but not later than five years	-	-	-	-
Total Property, Plant and Equipment	6,427	1,110	6,427	1,110
GST reclaimable on the above	(584)	(101)	(584)	(101)
Net Commitments Property, Plant and Equipment	5,843	1,009	5,843	1,009

(b) Non-cancellable operating lease commitments payable

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

- Within one year	-	3,275	-	3,275
- Later than one year but not later than five years	-	6,539	-	6,539
Total minimum lease payments in relation to non-cancellable operating leases	-	9,814	-	9,814
GST reclaimable on the above	-	(892)	-	(892)
Net commitments non-cancellable operating leases	-	8,922	-	8,922

The Institute leases certain land, buildings and equipment. From 1st January 2019, these assets have been reclassified as Right to Use assets and the relevant operating leases have been reclassified in accordance with AASB16 Leases. The Institute has applied AASB 16 using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 January 2019, with no restatement of comparative information. Refer note 6.3.

(c) Other expenditure commitments

Commitments for contracts relating to property service agreements (e.g. cleaning, waste management and security services) and licence agreements in existence at the reporting date but not recognised as liabilities,

Payable:

- Within one year	7,952	7,072	7,952	7,072
- Later than one year but not later than five years	389	368	389	368
Total other expenditure commitments	8,341	7,440	8,341	7,440
GST reclaimable on the above	(758)	(676)	(758)	(676)
Net commitments other expenditure commitments	7,583	6,764	7,583	6,764

9.4.2 Receivable commitments

Operating lease receivables

- Within one year	5,602	4,624	4,305	4,077
- Later than one year but not later than five years	18,862	17,991	17,881	17,758
- Within one year	64,818	69,136	65,140	69,568
Net operating lease receivables	89,282	91,751	87,326	91,403

9. OTHER DISCLOSURES

9.5 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities:

Name of entity	Class of shares	Country of incorporation	Equity holding	Equity holding
			2019	2018
Holmesglen International Training Services Pty Ltd	Ordinary	Australia	100%	100%
Glenuc Pty Ltd	Ordinary	Australia	100%	100%
Holmesglen Foundation	N/A			

9.6 Events after reporting date

The policy in connection with recognising subsequent events is that when events occur between the end of the reporting period and the date when the financial statements are authorised for issue:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions which existed at the reporting date; and/or
- disclosure is made where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Institute and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to conditions which arose after the reporting date and are considered to be of material interest.

Subsequent to the 31 December 2019 the spread of the coronavirus (COVID-19), and its impact on economic activity and business conditions, has led to substantial volatility and uncertainty in equity markets, restrictions on international travel and national and state governments moving towards containment strategies. Whilst the significant uncertainty surrounding the ultimate impact of COVID - 19 on the Victorian economy, equity markets and training demand will have impact on the Institute, at the date of this report, it is not possible to reliably determine the full year financial impact on the Institute's operations for 2020. To mitigate against this risk, the Department of Education and Training has provided a letter of comfort to Holmesglen Institute to provide a level of assurance that financial assistance will be made available for the Institute to continue as a going concern.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Institute and the Consolidated group, the results of those operations or the state of affairs of the Institute and the Consolidated group in subsequent financial years.

9. OTHER DISCLOSURES

9.7 Application of standards issued but not yet effective

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 17 Insurance Contracts	<p>The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.</p> <p>This standard does not currently apply to not-for-profit public sector entities. The AASB is undertaking further outreach to determine the applicability of this standard to the not-for-profit public sector.</p>	1 January 2021	This standard is not expected to be applicable to the Institute and will have no significant impact.
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	<p>This standard amends AASB 3 Business Combinations to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:</p> <ul style="list-style-type: none"> • clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; • remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; • add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; • narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and • add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. 	1 January 2020	The assessment has indicated that there will be no significant impact for the Institute.
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	<p>This standard amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 10 Events after the Reporting Period, include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material. The amendments also clarify the definition of material and its application by improving the wording and aligning the definition across AASB standards and other publications.</p>	1 January 2020	The assessment has indicated that there will be no significant impact for the Institute.

9. OTHER DISCLOSURES

AASB 1059 Service Concession Arrangements: Grantor	This standard prescribes the accounting treatment of public private partnership (PPP) arrangements involving a private sector operator providing public services related to a service concession asset on behalf of the State, for a specified period of time. For social infrastructure PPP arrangements, this would result in an earlier recognition of financial liabilities progressively over the construction period rather than at completion date. For economic infrastructure PPP arrangements that were previously not on balance sheet, the standard will require recognition of these arrangements on balance sheet.	1 January 2020	The assessment has indicated that there will be no significant impact for the Institute.
AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.	1 January 2019	The assessment has indicated that there will be no significant impact for the Institute.

The following amended standards and interpretations are not expected to have a significant impact on the Institute's consolidated financial statements.

AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the revised Conceptual Framework for Financial Reporting (Conceptual Framework). These amendments are effective from the 1 January 2020.

9.8 Changes in accounting policies

The changes in accounting policies during the year related to the implementation of AASB15 Revenue from contracts with customers, AASB1058 Income of Not for Profit Entities and AASB16 Leases. These changes and the impact on the Institute's and consolidated entity's financial statements are provided at note 2 and note 6.3 respectively.

Independent Auditor's Report

To the Board of Holmesglen Institute

Opinion	<p>I have audited the accompanying statement of performance of Holmesglen Institute (the institute) which comprises the:</p> <ul style="list-style-type: none"> • statement of performance for the year ended 31 December 2019 • declaration by Board Chair, Chief Executive Officer and Chief Finance and Accounting Officer. <p>In my opinion, the statement of performance of Holmesglen Institute in respect of the year ended 31 December 2019 presents fairly, in all material respects.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the statement of performance</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the statement of performance	<p>The Board is responsible for the preparation and fair presentation of the statement of performance in accordance with the performance reporting requirements and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the statement of performance	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the statement of performance based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the statement of performance as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.</p> <p>Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to</p>

influence the decisions of users taken on the basis of this statement of performance.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the statement of performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute's internal control
- evaluate the overall presentation, structure and content of the statement of performance, including the disclosures, and whether the statement of performance represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
21 April 2020



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

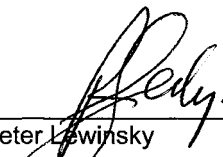
HOLMESGLEN INSTITUTE

Declaration by Board Chair, Chief Executive Officer and Chief Finance and Accounting Officer

In our opinion, the accompanying Statement of Performance of Holmesglen Institute, in respect of the 2019 financial year, is presented fairly.

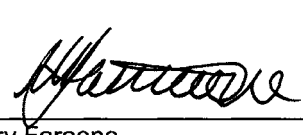
The Statement outlines the performance indicators as determined by the responsible Minister, pre-determined targets where applicable, the actual results for the year against these indicators, and an explanation of any significant variance between the actual results and performance targets.

As at the date of signing, we are not aware of any circumstance which would render any particulars in the Statement to be misleading or inaccurate.



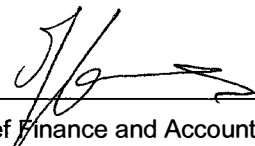
Peter Lewinsky
Board Chair

Date 15th April 2020
Place Chadstone



Mary Faraone
Chief Executive

Date 15th April 2020
Place Chadstone



Chief Finance and Accounting Officer

Date 15th April 2020
Place Chadstone

STATEMENT OF PERFORMANCE

Statement of performance for year ending 31 December 2019

Indicator title	Description and methodology	Measure	2019 Target	2019 Actual	Explanation of variances	Prior year result
Training revenue diversity	Breakdown of training revenue by: <ul style="list-style-type: none"> • Government-funded • Fee-for-service • Student fees and charges 	%	43.1% 40.8% 16.1%	45.3% 42.9% 11.8%	Student fees and charges lower than target due to the impact of the Free TAFE initiative. Free TAFE student fees are reimbursed by government and reflected in government funded revenue.	38.4% 46.3% 15.3%
Employment costs as a proportion of training revenue	Employment and third-party training delivery costs as a proportion of training revenue <i>(Employment costs – workforce reduction expenses + third-party training delivery costs) / training revenue</i>	%	<80%	87.4%	Target not achieved due to the impact of the new TAFE Teaching Agreement on employment costs and employee entitlement provisions at year end.	81.0%
Training revenue per teaching FTE	Training revenue (excl. revenue delivered by third parties) per Teaching FTE <i>Training revenue (excl. revenue delivered by third parties) / Teaching FTEs</i>	\$	>\$195,000	\$194,507	Immaterial variance against target.	\$194,824
Operating margin percentage	Operating margin % <i>EBIT (excl. capital contributions) / Total revenue (excl. capital contributions)</i>	%	>0%	0.1%	Target achieved	3.5%

DISCLOSURE INDEX

Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page number
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CHARTER AND PURPOSE			
1.	FRD 22H 5.4	Manner of establishment and the relevant Minister.	5
2.	FRD 22H 5.4	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements	5-7
3.	FRD 22H	Nature and range of services provided including the communities served	5,7-12
MANAGEMENT AND STRUCTURE			
4.	FRD 22H 5.6	Organisational structure and chart, detailing members of the governing board, Audit Committee, CEO, senior officers and their responsibilities	5, 18
FINANCIAL AND OTHER INFORMATION			
5.	FRD 03A	Accounting for dividends	NA
6.	FRD 07B	Early adoption of authoritative accounting pronouncements	NA
7.	FRD 10A	Disclosure Index	85-86
8.	FRD 17B	Long Service leave and annual leave for employees	48-49
9.	FRD 22H 5.11 c	Operational and budgetary objectives, including performance against objectives and achievements	6, 84
10.	FRD 22H 5.10	Occupational health and safety statement including performance indicators, performance against those indicators.	15
11.	FRD 22H 5.8	Workforce data for current and previous reporting period including a statement on the application of employment and conduct principles and that employees have been correctly classified in the workforce data collections	14-15
12.	FRD 22H 5.11 a	Summary of the financial results, with comparative information for the preceding four reporting periods	6
13.	FRD 22H 5.11 b	Summary of significant changes in financial position	6
14.	FRD 22H 5.7	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	7-13
15.	FRD 22H 5.11 d	Post-balance sheet date events likely to significantly affect subsequent reporting periods	78
16.	FRD 22H 5.18 a	Summary of application and operation of the <i>Freedom of Information Act 1982</i>	19
17.	FRD 22H 5.12	The report of operations shall provide a discussion and analysis of the entity's operating results and financial position and include details about significant factors that affect the entity's performance	6
18.	FRD 22H 5.9	TAFE workforce inclusion policy (where a TAFE has one), including a measurable target and report on the progress towards the target	NA
19.	FRD 22H 5.16	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST).	22
20.	FRD 22H 5.18 e	Statement, where applicable, on the implementation and compliance with the National Competition Policy, including compliance with the requirements of Victoria's Competitive Neutrality Policy and any subsequent reform	21
21.	FRD 22H 5.18 g	Statement on the application and operation of the <i>Carers Recognition Act 2012</i> (Carers Act), and the actions that were taken during the year to comply with the Carers Act	20
22.	FRD 22H 5.18 c	Summary of application and operation of the <i>Protected Disclosure Act 2012</i> including disclosures required by the Act	20
23.	FRD 22H 5.18 h & FRD 24D	Summary of Environmental Performance.	16-17
24.	FRD 22H 5.13 5.14 5.15	<p>Consultants:</p> <ol style="list-style-type: none"> Report of Operations must include a statement disclosing each of the following: Total number of consultancies of \$10,000 or more (excluding GST) Location (e.g. website) of where the schedule with the below details of the consultancies over \$10,000 has been made publicly available <ul style="list-style-type: none"> Consultant engaged Brief summary of project Total project fees approved (excluding GST) Expenditure for reporting period (excluding GST) Any future expenditure committed to the consultant for the project Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period 	21
25.	FRD 22H 5.19	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer	23
26.	FRD 22H 5.17	<p>An entity shall disclose the following in the report of operations:</p> <ol style="list-style-type: none"> Total entity ICT Business As Usual (BAU) expenditure for the full 12 month reporting period; and Total entity ICT Non-Business As Usual expenditure for the full 12 month reporting period; and provide a breakdown for: <ol style="list-style-type: none"> Operational expenditure (OPEX); and Capital expenditure (CAPEX).. 	22
27.	FRD 25D	Local Jobs First	21
28.	AASB 16	Leases	30, 52-55
29.	SD 5.1.4	Financial Management Compliance Attestation Statement	23
30.	FRD 119A	Transfers through contributed capital	NA
31.	SD 5.2.1(a)	The Accountable Officer must implement and maintain a process to ensure the Agency's Annual Report is prepared in accordance with the FMA, the Standing Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions.	23, 26, 34
32.	SD 5.2.3	The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body.	4

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34.	CG 12 Clause 33	TAFE Institute Controlled Entities.	19, 33,78
FINANCIAL REPORT			
FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FINANCIAL MANAGEMENT ACT 1984			
35.	SD 5.2.2(b)	The declaration required under Direction 5.2.2(a) must state that in the joint opinion of the signing persons: <ul style="list-style-type: none"> the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of that period; and the financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards. 	26
OTHER REQUIREMENTS UNDER STANDING DIRECTION / FINANCIAL MANAGEMENT ACT 1994			
36.	SD 5.2.2(a) and FMA s49	An Agency's financial statements must include a signed and dated declaration by: <ul style="list-style-type: none"> the Accountable Officer; subject to Direction 5.2.2(c), the CFO; and for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body. 	26
37.	FRD 30D	Rounding of Amounts	33
38.	SD 3.2.1.1(c)	The Responsible Body must establish an Audit Committee to: <ul style="list-style-type: none"> review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament 	18
OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
39.	FRD 11A	Disclosure of ex-gratia payments	NA
40.	FRD 21C	Disclosures of Responsible Persons, Executive Officer and Other Personnel (contractors with significant management responsibilities) in the Financial Report	69-70
41.	FRD 102A	Inventories	30, 44
42.	FRD 103H	Non-financial physical assets	30, 40-42, 52-55
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49.	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	78
50.	FRD 114C	Financial instruments	56-62
51.	FRD 120M	Accounting and reporting pronouncements applicable to the reporting period	79-80
COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
52.	Legislation	The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation, and subordinate instruments, including, but not limited to, the following: <ul style="list-style-type: none"> Education and Training Reform Act 2006 (ETRA) TAFE institute constitution Directions of the Minister for Training and Skills (or predecessors) TAFE institute Commercial Guidelines TAFE institute Strategic Planning Guidelines Public Administration Act 2004 Financial Management Act 1994 Freedom of Information Act 1982 Building Act 1993 Protected Disclosure Act 2012 Local Jobs First Act 2003 	19
53.	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2019 ETRA s3.2.8 <i>needs to be read carefully and all reporting requirements covered including: amounts collected, purposes for spending, organisations to which fees, etc were made available and the amounts, purposes for which those organisations spent the money, etc.</i>	21
54.	Policy	Statement that the TAFE institute complies with the Victorian Public Service Travel Policy	21
55.	Key Performance Indicators	Institutes to report against: <ul style="list-style-type: none"> Employment costs as a proportion of training revenue Training revenue per teaching FTE Operating margin percentage Training revenue diversity. 	84
OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES			
56.	PAEC and VAGO (June 2003 Special Review – Recommendation 11)	<ul style="list-style-type: none"> Financial and other information on initiatives taken or strategies relating to the institute's overseas operations Nature of strategic and operational risks for overseas operations Strategies established to manage such risks of overseas operations Performance measures and targets formulated for overseas operations The extent to which expected outcomes for overseas operations have been achieved. 	12

Requests for further information under the provisions of the Freedom of Information Act should be directed to:

Freedom of Information Officer
Holmesglen
PO Box 42
Holmesglen VIC 3148

Further copies of the annual report and other corporate publications can be obtained from:

Holmesglen
Marketing Department
PO Box 42
Holmesglen VIC 3148

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Level 3, 206 Bourke Street
Melbourne, VIC 3000

Chadstone campus

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Eildon, VIC, 3148

North Melbourne - Futuretech

200 Arden Street,
North Melbourne, VIC, 3051

Moorabbin campus

488 South Road
Moorabbin, VIC, 3189

St Kilda Road campus

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Southbank, VIC, 3006

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TAFE VICTORIA